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EUROPE'S BUSINESS NEWSPAPER **FINANCIAL TIMES**

BATMAN Crusader returns as Gotham trembles Page 3

No.30,902

Monday July 24 1989

World News **Indian MPs** try to force **Gandhi** to early poll

Most opposition members will resign their seats in tha Lower House of India's Parliament today to try to force the Govcould be try to force the Gov-erament to call an early elec-tion on the issue of corruption. The mass resignations are the latest challenge to Mr Rajiv Gandhi, the Prime Minister, over allegations of corruption in the awarding of a \$1bm arms contract to Bofors, the Swedish company. Page 20

US spy inquiry

Felix Bloch, the most senior US State Department official ever suspected of espionage, may have begun working for the Soviet KGB more than a decade ago. Page 3

Andreotti sworn in

Italy's 49th post-war govern-ment headed by Mr Giulio Andreotti was sworn in after a power struggle over ministe-rial jobs inside the dominant Christian Democrat Party. Page 20

Likud agrees pact

Israel's Labour Party and Likud agreed a compromise on peace proposals for the occupied territories, removing a threat to the coaliton partnership, Page 2

Tanker shelled

Syrian gunners shelled a Greek oil tanker and set it on fire as it attempted to run the blockade of Lebanon's Christian enclave.

Peace talks to start Peace talks are due to start this week in Paris between

the main parties to the Cambodia dispute, with the possi-bility of France hosting a full international conference on

Business Summary Scitex tries to block agreed sale of **Crosfield** SCITEX, Israel based company which is 27 per cent owned by Mr Robert Maxwell, is battl-

for return to work By Quentin Peel in Moscow ing on with an attempt to halt the agreed sale of Crosfield PRESIDENT Electronics, printing technol-ogy subsidiary of De La Rue, the bank note printer, by say-ing it is prepared to affar between £255m and £265m (\$408m-424m) for the business. Page 6 Page 6 **EUROPEAN Monetary System**

The Bank of Italy is likely to sell lira if the D-Mark tests support at L722; on Friday it closed at L722.26 from L725.7 the week before. The lira has improved against the D-Mark despite a weaker dollar, which usually benefits the D-Mark more than any other EMS currency.

European currency unit basket until new weightings are intro-duced on September 20. Cur-rencies, Page 32

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Jul 21,1989

(12.15)

O Krone B Franc F Franc

division.

5%

EMS

GRID

8 Franc

F Franc Lira

Irish Punt

5%

2%

ECU DIVERGENCE

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conservative in the party. Mr Ligachev retaliated with a demand for the reimposition However, the Italian unit is currently underplaned hy high seasonal capital inflows. In addition, rapid expansion in monor unrole expansion in of party discipline, and sweep-ing criticism of the Soviet money supply growth is likely to keep interest rates high. Ing criticism of the soviet press. He also suggested that Mr Gorbachev's nationwide television appeal for ethnic calm three weeks ago had been a wasted gesture. With political tension in the The Spanish peseta and Portu-guese escudo are not included in the table below because neither has a weighting in the

with political tension in the country rising, fresh confirma-tion came at the weekend of Mr Gorbachev's determination to press ahead with a purge of conservative officials in top party posts. A second major city leader. Mr Konstantin Masik the nexty hose in Kiew Masik, the party boss in Kiev,

was dismis The Soviet leader returned to the television screens yester-day with a highly personal

appeal to the striking miners. "The workers are taking matters into their own hands thoroughly, and this inspires. me greatly," he declared, "nothwithstanding the drama of the events " Mikhail Gorbachev yesterday laid his personal authority on the line with a direct appeal to the Soviet Union's striking miners to go back to work. His appeal came as an extraordinary division opened in the highest ranks of the rol-

Gorbachev appeals

directly to miners

of the events." Mr Gorbachev appears to have timed his intervention with care, while still taking a calculated risk although more ing Communist Party. Full texts of last week's meeting of Communist Party first secre-taries revealed that Mr Nikolai Ryzhkov, the Soviet Prime miners went back to work over the weekend after major concessions by the state were promised, he faces a personal rebuff if others refuse to end Minister and increasingly seen as one of Mr Gorbachev's clos-est confidantes, launched an outspoken attack on Mr Yegor Ligachev, the most powerful their strikes. He is now ever more clearly

his as how ever inter clearly unrest to raise the pressure on his own party bureaucracy. He denounced local party leaders who had failed to deal

with the industry's problems. "Some comrades have no

live connection with the masses," he said. "That is in part why simple questions have not been decided. But workers will no longer stand for this."

The same theme was seized by Mr Ryzhkov in his speech to the party meeting last week, when he savaged the whole party organisation for losing touch with the Soviet people.

He blamed "serious mistakes in ideology by the Central Committee party secretary" for the "growing de-ideologisation of society."

The sttack could be taken as criticism of Mr Vadim Med-vedev, the new ideology serre-tary, but can also be seen as an

tary, but can also be seen as an attack on Mr Ligachev, who was previously responsible. Mr Ryzhkov rammed the point home when he declared that it was "not acceptable that two Polithuro members are dealing with agriculture" -one of whom is Mr Ligachev. He also warned that the new Supreme Soviet and Congress of Deputies would not take of Deputies would not take direct orders from the ruling party. "If the party does not find a way out of this situation, it might lose its influence in government." he said. Mr Ligachev had already

denomneed any suggestion that the party should be subordi-nate to the elected soviets.

The bitterness in the highest ranks of the party was clear in Mr Ligachev's dismissal of Mr Gorbachey's dramatic appeal to the nation over the renewed outbreak of race riots. "Only recently the General

Secretary spoke on television on questions linked to inter-ethnic relations," he said. "The answers in certain areas were more clashes, people's deaths. "Is it not proof that we are

not active enough in realisa-tion of absolutely correct directives of the Central Committee?" Riding the tiger, Page 19

Amstrad seeks revival through fax machines

By Terry Dodsworth, Industrial Editor, In London



Takako Doi, chairman of the Japan Socialist Party, the leading opposition victor: "This is a new dawn in Japanese politics."

Japan's ruling LDP in big poll defeat By Stefan Wagstyl in Tokyo

Doi, the JSP chairman, said JAPAN'S ruling Liberal last night. Mr Ryutaro Hashimoto, sec-retary-general of the LDP, con-ceded defeat, said he was very disappointed and commended the JSP's success. Democratic Party last night conceded defeat in national elections held yesterday, admitting to its biggest elec-toral failure in more than 30

years. The result in the election for Mr Zenko Suzuki, a former Prime Minister, said it was the worst crisis in LDP history and the Upper House of the Diet (Parliament) prompted calls from some party members for the immediate resignation of Mr Sousuke Uno, the Prime called on Mr Uno to resign. Half of the 252 seats in the Upper House were at stake. The LDP held 69 and had to Minister. Opposition parties demanded an early general retain 54 to maintain its major-ity. By late last night, it had 28 election.

While the count will not be and the opposition parties 69. Disciplinary steps likely after report criticising **NatWest** By Barry Rliey in London

D 8523A

A SERIES of disciplinary West's bandling of Blue Arrow's failed rights issue in 1987 are likely within the next few days following a weekend of emergency meetings of banking and securities market

regulators. The meetings came in the wake of the damaging Departmeot of Trade and Industry iospectors' report oo role played by County NatWest, the investment banking arm of National Westminster Bank.

Directors of National Westi-mioster Bank held a crisis board meeting last night at the bank's beadquarters in the City of London. They discussed the possible responses which NatWest could make, amid widespread calls for heads to மிட

The key regulatory bedies involved, the Bank of England and The Securitles Association, are anxious that their disclplinary moves, to be made under different legislation, should be co-ordinated.

A meeting of officials from the Bank and TSA late last Fri-day was also attended by repreinvestments industry watchdog body which mainly acts indirectly through self-regulatory organisations such as TSA.

The regulators are understood to be anxious to ensure there are channels for exchanging information, and that problems will not arise from differ-ent timetables.

ent timetables. The Bank has statutory authority under the Banking Act to decide that individuals or firms are no longer fit and proper. In addition, the Bank has the position of lead regula-tor for the NatWest group tor for the NatWest group. However, it must co-ordinate with TSA, which gains its powers separately through the Financial Services Act.

July 30. Page 2.

and the second se

Pollution fleet

More than 100 fishing boats and pleasure craft churned up the waters along Italy's Adriatic coast in a desperate attempt to disperse slimy algae killing fish and scaring tour-

Moi to mediate

Efforts to end the war in Mozambique gathered mome tum at the weekend with the announcement by Preside Joaquim Chissano that he had appointed President Daniel arap Mol of Kenya as mediator. Page 2

Hungarian poli result

Prospects for the Hungarian Communist Party having to surrender power next year have increased after a by-election victory by an opposition candidate. Page 4

Bengal tidal surge

 \overline{T}

At least 50 people were feared drowned after a tidal surge, apparently caused by an underwater tremor, swept three Bangladeshi islands in the Bay of Bengal and several coastal

1m israelis strike

One million Israelis staged a two-hour general strike in protest at the worst unemploy-meot in 20 years as the cabinet sures to revive debated mea an economy stricken by the Palestinian uprising. Page 2

Rangoon crackdown

The military regime in Burma said it had set up five military trihunals in the capital Rangoon to try people accused of violating martial law regulations. Page 2

Students bombed

An incendiary bomb destroyed the headquarters of a Honduran right-wing student organisation - the latest incldent in a wave of bombings and killings.

Talvela dies

Finnish opera singer Martti Talvela, one of the world's foremost basses, died aged 54 after a sudden illness.

American wins Open

American Mark Calcavecchia won the first three-man play-off in the history of the British Open golf championship to snatch the title from Australians Greg Norman and Wayne Grady at Royal Troon,

D-Mark Link ECU Party Day Position

List Pust

The chart shows the two constraints on Europ pean Mo System rates. The upper grid, based on the weakest currency in the system, defines the cross-rates from which no currency (except the lira and the Spanish peseta) may move more than 24 per cent. The lower chart oines each currency's divergend from the "central rate" against the European Currency Unit (ECU), a basket of European

currencies MICHEL Gaucher, Quebec entrepreneur, and the Quebec Caisse de Depot, which manages Quebec's public pension plan, look set to succeed with their C\$1.32bn (\$1.11bn) bid for Steinberg, Canadian retail and property group. Page 25

TAX: The Bush Administration is increasingly confident of winning this week its long and bruising battle with the Democrat-controlled Congress over proposals to cut capital gains tax. Page 3

ESCORTS, Delhi-based heavy engineering company, has set up a joint venture with Herion werke of West Germany to manufacture pneumatic equipment. Page 25

EMS-Chemie, Swiss chemical group, reports strong growthin profits and turnover for the first half of 1989, Page 25

TECK Corp and its associate Cominco plan to pay C\$35.5m (\$29.8m) for 19 per cent of a small gold-mining company, Aur Resources, Page 25

TRADE: The European Com-munity lacks the legal authority to impose greater restraints on imports and could not become a trade fortress after 1992 even if it wanted to, according to Mr Johannes-Friedrich Beseler, a senior Commission trade official.

INSURANCE companies are attempting to circumvent Cal-ifornia's Proposition 103 regulations which would force them to cut substantially premiums on motor and property insurance policies by filing bogas claims," according to the State Attorney General. Page 25

Page 4

RASTERN Air Lines' creditors, except two, have agreed to its plans, filed in bankruptcy court on Friday, to repay its \$3.5bn of debts in full with interest. Page 25

OIL: A 50 per cent shareholding in Nynas Petroleum held by the Axel Jonson group of Sweden and the Swedish Investment Bank is to be acquired by Neste, Finnish national oil company. Page

AMSTRAD, the UK consumer electronics group, plans to start manufacturing fax tember, at a quarter of IBM prices for equivalent products, would put the company back on a growth track. Mr Sugar refused to confirm

inachines later this year in an attempt to revive its flagging fortunes after a series of prob-lems in its personal computer Amstrad's entry into the fastgrowing facsimila machine market, but this is understood to be one of several steps the company is taking to reinforce The company's shares are expected to come under renewed pressure today follow-ing a decision to recall 7,000 of its position following a year of mounting difficulties.

Among these moves will be the launch of a stand-alone its PC2000 computers, the topof the rangs machines launched last ysar as Amstrad's spearhead into the television and an attempt to team up with STC, the UK tele-Amstran's spearnean into the business computing sector. Mr Alan Sugar, Amstrad's irrepressible chairman, con-ceded yesterday that the comcommunications group, to hid for one of the British Government's new personal communi-cations telephone (PCN) licences. The PCNs are expec-ted to be extremely valuable in pany had tripped up in its campaign to challengs International Business the latter half of the next Machines in the personal comdeca

Mr Sugar said yesterday that Amstrad had not yet reached a definite agreement with STC, which is planning to bid for a patter industry. Hs said changes in the recalled machines, along with a relaunch for the range in Sep-

US economic consensus forms

By Peter Riddell, US Editor, In Washington

The narrowing of the differ-eoces has important policy implications, with the Fed now placing more emphasis on THE US Federal Reserve, the Bush Administration and congressional analysts have come closer together in their fore-casts of the US economy and in avoiding a recession than greater inflation. This is in line their views of the right policy response, though there remain important differences of with the long-standing view of the Administration. Mr Michael Boskin, ths chairman of the Presideot's Council of Economic Advisers,

All three groups last week produced mid-year forecasts with, in particular, the Admin-istration revising down its pro-jections of growth by around a has gone out of his way to praise the Fed for its handling of interest rates. However, there still appears to be a difference of emphasis fifth, and revising up its fore-casts of inflation. The final Reagan Administration projecabout what extent of economic tions produced in January

slowdown is acceptable. Mr Boskin has said the Adminis-tration hopes that "if the econwere generally regarded as wildly over-optimistic. The latest estimates are more in line with the central omy started to slow more than it has in the first half of this year, the Fed would move to head off a recession. We projections of the Fed's governors and regional bank presidents, the Congressional Bud-get Office and private sector assume from their public statements that they would do economists.

While Mr Alan Greenspan, tha chairman, last week stressed the Fed's desire to avoid a recession, it is willing to accept a marked slowdown in economic growth from the rapid levels of 1987 and 1968. Indeed, the Fed regards such a slowdown as probably inevita-

> Consequently, if further evi-dence of economic softening appears, there will be Adminis-tration pressure for more easing of monetary policy. Mr Greenspan has admitted that the Fed is involved in a delicate balancing act and there are risks of policy mistakes and softness deepening and resulting in a substantial downturn in activity. Bush team should win on capital gains tax, Page 3; Greenspan volunteers as scapegoat, Page 21; International Capital Markets, Page 24

CONTENTS			
THE MONDAY I	Freddy Heineken has been the driving force behind the Dutch brewery's climb to its present status as a global brand. Now hs is handing on the sceptre — but not the crown. Page 36	alarm bells ringing Management: Créc approach to recovery & Editorial comment: J chance for Kampuchea Strikes in Britain: U rules Lombards Central ban Lex: Japanasa cars mobila phones; Spain .	allal import fsars start 4 dit du Nord's tough begins to bear fruit
Oversees24 Companies21,23 Britain6,8 Companies22 Appointments12 Aris Reviews17 World Guide16	Currencies	Lex29 Lombard19 Management11 Monday Page36 Money Markets32 Observer18	Stock Marbais 30-35 -Wall Street 33-35 -London 25 UK Glits 25 US Bonds 25 Uhit Trusts 26

licence in collaboration with US West, a big American tele-phone operating company. Mr Sugar said Amstrad would be able to offer for its expertise both in marketing and hard-ware procurement to a joint venture

Although Amstrad's results for the year to the end of June are not due until October, analysts have recently downgraded their profits forecasts sharply to around £110m (\$177m) because of the launch problems encountered with the PC2000. The share price is currently close to its low point for the last 12 months at 75p. The company said yesterday

that the troubles with the com-poter range centred on a spe-cially designed chip in its hard disk controller unit. This

would be replaced in the recall by Mr Sugar at around £400,000.

completed until today, com NHK, the national television pater projections last night indicated that the LDP would station, forecast that the LDP would retain only about 36 of lose its overall majority in the Upper House for the first time

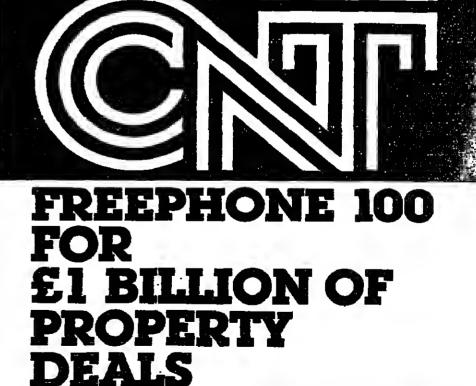
opper house for the first time since it was founded in 1955 and that the opposition Japan Socialist Party would record its greatest electoral triumph. The LDP will retain control of the Government through its Rengo, a non-party trade union organisation which co-operated with the JSP, also did well, with 11 out of its 12 candidates majority of the Lower House, the more powerful chamher. However, the scale of the oppo-

sition parties' victory will greatly limit the LDP's ability to manage parliamentary busi-ness, and it will sap morale. "This is a new dawn in Japa-nese politics," Miss Takako

TSA is respossible for anthorising County NatWest Securities and also UBS the seats up for election. The JSP was the clear leader Phillips & Drew, the stockbro-ker which acted for Blue Arrow in the controversial among the opposition parties, with 37 seats secured. Miss Doi said a great responsibility failed share placing. There are slightly different definitions of fitness and proprested on the party's shoulders

erness in the two pieces of leg-islation. And whereas the Bank has used its powers before, for instance at Morgan Grenfell as a result of the Guinness affair, A total of 76 seats were being TSA is thought never to have struck off registered individudecided on the basis of polling in separate constituencies. The remaining 50 were being allo-Continued on Page 20 als in the 15 months or so since its rulehook came into force

Editorial Comment, Page 18 **Continued on Page 20**



If you're an industrial or commercial operator, developer or investor, looking for property opportunities in England, there is one organisation which can offer you land and premises to lease or buy in 15 prime New Town locations.

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COMMISSION FOR THE NEW TOWNS, POBOX 176 LONDON SW15 1BU:

Burmese

tribunals to

assisted by two junior officers,

may impose the death sen-firmed by the local regional commander before being car-

The minimum sentence which can be passed by the iribunals is a three-year jail term. The tribunal can decide whether it wishes to hear wit-

nesses but can decide against if there is a "strong case" that an offence has been commit-

ted. The introduction of sum-mary military trials is the lat-est in a series of measures taken by the regime to stifle political dissent which had been emerging strongly for the first time since thousands of prodemocracy demonstrators were shot and wounded by troops last September. Aung San Sun Kyi and Gen-eral Tin Oo, the two leaders of the National League for

the National League for Democracy, the most promi-nent opposition party, were placed under house arrest last

The two opposition

leaders have been accused of labelling the

ried out.

OVERSEAS NEWS

UK ministers weigh Shelling overshadows Paris talks on Cambodia

By Roger Matthews in Bangkok

PEACE talks are scheduled to open this week in Paris between the main partles to the Cambodia dispute, with the possibility of France hosting a full international conference on July 30.

The initial talks today will be between Hun Sen, Prime Minister of the Vietnamese-installed regime in Phnom Penh. and Prince Norodom Sihanouk the leader of the Cambodian the leader of the Cambodian resistance coalition, which also includes the forces of former Prime Minister Son Sam and the Khmer Rouge, which under Pol Pot was estimated to have slaughtered up to 1m people between 1975 and the Vietnam-ese invasion in 1979. Prince Sihanouk said within a four-day period earlier this month both that he believed the talks would be successful

the talks would be successful and that they were bound to

end in failure. Yesterday's omens did not seem promising, following an artillery attack on a Khmer Rouge-controlled Cambodian refugee camp, known as Site 8 and just inside the Thai bor-der, which caused several deaths and many more injuries and forced over 30,000 people to flee.

likely that the perpetrators were not keen for the Paris talks to succeed.

overseas, foreign policy and defence matters, chaired by Mrs Margaret Thatcher, will consider whether BAe should be allowed to proceed with talks with Iraq. finding a power-sharing for-mula after the withdrawal and

Chinese

attacked

a means for verifying that all Vietnamese troops have gone lems over both issues. Hun Sen and the Vietnamese would

There are considerable prob-

Prince Sihanonk to become

umphant.

Japan in plan for brain drain to Spain

want people who are presidents of com-panies. PhDs. A professor of Tokyo Univer-sity would be ideal."

Mr Yamanchi says he has 500 appli-cants, but would select only those with enough skills and enough money to be financially independent. The consortium is planning to build homes for phone for more in time for the

homes for about 50 people in time for the 1992 Olympics in Barcelona. If the scheme is a success, more homes could be built on the site near the village of Canet de Mar.

The Ministry for International Trade and Industry (Mitl), which sponsored the original project for housing pensioners oversees - code-named Silver Columbia

- is keeping an eye on the present

But it is primarily the work of a consor-tium called Japan Technical Experts Asso-ciation in Europe and made up of private

enforce the Vietnamese withdrawal, a suggestion onposed by Hun Sen and Hanoi. Verification would anyway be extremely difficult, given the wildness of the terrain martial law the terrain. Even if all these issues could be resolved there remains the By Roger Matthews

THE military regime in Barma said yesterday that it had set up five military tribunals in the capital Rangoon to try peo-ple accused of violating mar-tial law regulations. The tribunals, each headed by a Lientenant-Colonel and accisted by two funior officers. intractable problem of the Rhmer Rouge, the largest guer-rilla force opposing the Viet-namese and Hun Sen, which continues to receive substan-tial arms ehipments from China.

Nominally, the resistance movement says the Khmer Rouge will have to be part of the power-sharing arrange-ment, arguing that to leave it outside would be politically and militarily fatal. Others

and militarily fatal. Others believe that to allow the Khmer Rouge back in any form would be courting disaster. But should some progress be made initially by Prince Sihan-ouk and Hun Sen, and the progress not be sabotaged sub-sequently by Son Sann or the Khmer Rouge delegations, then the wider conference scheduled for the end of the month could provide the necessary internaprovide the necessary interna-tional endorsement for what-ever agreements have been reach

Those expecting to attend the international conference the international conference include the Association of South East Asian Nations (Indonesia, Thalland, Malaysia, Philippines, Brunei and Singa-pore), the five permanent mem-bers of the Security Council, plus India, Japan, Canada and Australia. Australia. But should the talks fail, and

the Vietnamese make good their pledge to withdraw fully, never to return, the dangers of a further round of fighting would markedly increase. Editorial comment, Page 18

Reports reaching Bangkok from Rangoon yesterday suggested that widespread arrests were taking place, but detailed information is difficompanies, including Toshiba, the electricompanies, including Toshiba, the electri-cal group, Nichimen, the trading company, and Japan Travel Bureau, a travel agency. The scheme could turn into a pilot study for other larger projects, which various Japanese companies are considering build-ing in Australia, Brazil and elsewhere. Mit's original plan was to build perma-nent homes for thousands of Japanese old people to accommodate them more cuit to obtain because the regime has cut telephone and telex links with the outside

regime fascist

Thursday.

telex links with the outside world. Last week the regime ordered parents to fill ont forms detailing the where-abouts of their children, with severe penalties for those ref-using to cooperate. Many students went into hiding following the military crackdown last year and oth-ers have gone underground in the past few days. The regime's State Law and Order Restoration Committee has accused the two opposition leaders of a series of martial

that people were more interested in living abroad temporarily, for a few years, than for the rest of their lives. They were also keen to make frequent trips back to Japan. These considerations mean that schemes are likely to be restricted to relatively young wealthy peo-ple who would probably expect to return leaders of a series of martial to Japan after a few years of living abroad law violations, of spreading hatred for the military and accusing the regime of being fascist. Dr Michael Aris, the British

Greek Cypriot protestors accuse Turks of brutality

summer.

Pending a decision, the Cabi-

net committee which covers

ing the border of the self-pro-claimed Turkish republic of Northern Cyprus which is

Most of them were jailed for three days hut their detention would be extended if they

refused to pay fines also imposed by the court. Political protests by the Greek Cypriots were stepped

np yesterday to secure the release of the detainces. At the request of the Cyprus govern-ment, the UN Security Council

in New York is expected to hold a closed session today to consider the situation. UN officials in Cyprus have

been shuttling between the two sides to try to defuse the crisis.

The leaders of the two commu-

nitles are scheduled to meet on

crisis triggered by the mass

arrests threatened to wreck the

Hawk sales to Iraq

By Andrew Gowers, Middle East Editor

debate on Thursday whether to

approve the possible sale of more than 50 Hawk trainer jets

to Iraq in what has become a test of British policy on arms exports to the Gulf war com-

The possible deal, which British Aerospace has been dis-cussing with Baghdad, is

strongly supported by the Min-

istry of Dsfence and the Department of Trade and Industry on the grounds that it represents an opportunity for

the British arms industry to make inroads into a market which has been something of a

French preserve. But the Foreign Office is understood to have serious res-ervations concerning the likely reaction of other countries in

the region - not least Iraq's Gulf war opponent Iran, with which Britain would eventu-

ally like to restore diplomatic relations. There is also some anxiety in Whitehall about

public reaction, in view of iraq's poor human rights

record and the continuing con-

troversy abont haqi treatment of its Kurdish minority. British Aerospace's Hawk is

in competition for the deal -which could be worth well in

excess of £300m - with the Franco-German Alpha jet pro-duced by Dassault and Dornier.

The company sees the Iraqi contract as a crucial part of the global battle between the Hawk and the Alpha, which the Hawk appears to be win-

batants.

By Andreas Hadjipapas in Nicosia

SIX young Greek Cypriot women released from prison in the Turkish Cypriot sector said yesterday they had been hru-tally treated and molested by the Turks during their four days of detention.

Their stories are likely to inflame sectarian passions on the divided island and placed in doubt the resumption of United Nations sponsored peace talks aimed at unifying the island.

The released women were among 108 Greek Cypriots, most of them women, released by the Turks on Wednesday night after they stormed the UN patrol green line dividing Nicosla to protest against the continuing occupation of 77 per cent of Cyprus by Turkish

A UK Cabinet committee will ning at present. The deal is also important as an entrée into a market whers much lucrative re-equipment business is in the pipeline following the Iran-Iraq ceasefire.

The controversy concerns whether the sale of trainers is excluded by the British Gov-ernment's 1934 guidelines on the export of military equipment to the Gulf war combatants. Supporters of the deal argue that it is a non-offensive aircraft but opponents say it can eesily be converted for combat purposes. Mr Masoud Barzani, leader of the Kurdish Democratic

of the Kardish Democratic Party, has been in London to lobby against the deal on these grounds. He says Baghdad used converted Swiss Pilatus PC-7 trainers to drop chemical weapons on Iraqi Kurds last end in failure.

A decision on the contract by the Iraqi authorities is still understood to be soms months away. They have also yet to announce how many trainers they require. But it is clear that the deal

flei will entail local assembly and if BAe wins the contract it will involve an oil buy-hack arrangement administered by Royal Dutch/Shell. There seemed little doubt that the shells were aimed, though by whom was a matter for speculation. But it did seem

Vietnam has pledged to with-draw its remaining troops from Cambodia, estimated at between 40,000 and 50,000 men, by the end of September. The taks in Paris will be aimed at finding a nover charing for

businessmen

CHINA has accused private

businessmen of evading taxes

and exploiting female workers in what diplomats saw as a move to court public opinion after the military crackdown

on pro-democracy protests, Reuter reports from Peking, The People's Daily said yes-terday that the businessmen

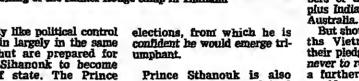
were the richest people in China, driving private cars, sporting luxnry watches and

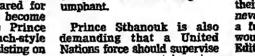
dressing their wives in expen-sive outfits and jewellery. But it said an investigation

forms

home and have not merely changed into Cambodian uniobviously like political control to remain largely in the same hands but are prepared for

head of state. The Prince would prefer a French-style constitution and is insisting on







Wednesday to resume talks for setting up a federal bizonal republic but diplomats said the troops.

Earlier yesterday a court in ths Turkish Cypriot sector jailed 92 women and 10 men who were convicted of violat-

Optimism over Namibia

talks.

AFRICAN leaders hegan offering unconditional talks to arriving in Addis Ababa yesterday at the start of talks among members of the Organisation of African Unity (OAU) this week to confront white-led South Africa and its rule in Namibia, twin issues that have dogged the organisation since its birth 26 years ago, Reuter reports from Addis Ababa. The OAU leaders begin a

three-day summit with hopes of peace in Namibia and across the continent because of better lations between the US and the Soviet Union.

From Angola, which last month signed a ceasefire accord with rebels who have fought the Government for 14 years, to Ethiopia, which is race discrimination.

separatist rebels, a new climate of peace is prevailing. "The wind of reconciliation

figures, China has more than 14m private enterprises is sweeping through Africa as at no other time," said an Afri-can diplomat. "We are witnessoperations. ing truly historic and great moments, when it seems every-one has accepted that disputes

bus

chould be resolved through negotiation, by peaceful workers in state food outlets But the OAU leaders, who will also debate other African and nearly 10 times more than the average official. A Western diplomat said conflicts - the continent's

\$230bn foreign debt and envithat the Communist Party was trying to restore its prestige among people in cities who knew of the military suppresronmental issues - are expected to approve calls for tougher international sanctions to try to force an end to apartheid sion of student-led protests on June 4.

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INTRODUCTION

to the **Unlisted Securities Market** spensored by CHARTERHOUSE BANK LIMITED

invicta Sound PLC's principal activity is the provision of a Kent-based independent radio broadcasting service, under franchises awarded by the independent Broadcasting Authority.

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24 july 1989		•	

A knowledge of judo or Japanese cook-ing would not be enough, he said. "We of Peking's 100,000 private busi-nessmen revealed that at least 40 per cent of their income was illegal and evasion of tax and under-reporting of earnings was widespread.

It said some of their profits came from employing peasant girls from the conntryside because they could pay them

the lowest wages. Banned for much of the Maoist period until 1976, private business boomed under introduced by leader Deng Xiaoping since 1979. According to official

many of them one-man African Unity summit in Addis Ababa, would begin a diplo-matic offensive on the issue. The People's Daily said the average annual income of a Peking husinessman in the Mr Mubarak, widely expec-ted to be the OAU's new chairfood husiness was 15,361 yuan (£2,535), seven times more than man, would draw on his links

with Ethiopia's rulers to appeal to the rebels to negotiate

Moi to mediate on Mozambique By Michael Holman, Africa Editor

EFFORTS to end the war in Mozambique gathered momen-tum at the weekend with the announcement by President Joaquim Chissano that he had appointed President Daniel arap Mol of Kenya as mediator. The development follows Mr Chissano's meeting last week with Mr F W de Klerk, the

South African president-in-waiting, at which he was assured that Pretoria intended to observe a 1984 nonaggression pact between the two countries. South Africa has been the

scheme.

main hacker of the rebel Mozambique National Resistance Movement.

The peace initiative is expected to he one of the main issues at the fifth congress of Mozambiqne's ruling Frelimo party, which opens today in the capital, Maputo. Another concern will be the

impact of the Government's structural adjustment pro-gramme, under which the ostensibly marxist government is moving closer to a mixed economy. Many measures have been strongly criticised.

Government officials ackow-ledge that the economic recovery programme cannot get off the ground until the war ends. Speaking in Nairobi after a brief visit to Maputo, Mr Moi

said on Saturday that he would be willing to involve South African leaders in his mediating efforts.

people to accommodate them more cheaply and more comfortably overseas than at home. But opinion polls showed

"I will work closely with those involved in the Mozambi-can peace process - the Amer-icans, the British, the Germans, the French, the Zimbabweans and even South

Mr Moi in the peace efforts. Zimbabwe has deployed sev-eral thousand troops in Mozambique, protecting road, railway and oil pipeline links from Zimbabwe.

British diplomat waiting to greet Dr Aris at the airport did not see him leave the arrival area Under the terms of the year-

husband of Aung San Suu Kyi and Research Fellow in

Tibetan Studies at Woolfson

any embassy. Aung San Sua Kyi's two teenege sons are already with her in Rangoon.

his standing as Labour leader. Once again, those in the party who prefer a junior role in coalition to the prospect of elections have proved them-

selves a majority. But those against the coali-

tion fear that much worse

long-term electoral damage is being done by staying in part-nership with Likud than would be sustained by holding elec-tions now. They point out that by holding the finance, defence and police ministries. Labor

and police ministries, Labour stands to get the blame for the economic slump and the con-tinuing effects of the intifada.

"It is committing suicide

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- Care

PERES WITHDRAWS THREAT TO SPLIT WITH LIKUD PARTNERS AND RISK NEW ELECTIONS

Labour compromise saves Israeli coalition

By Hugh Carnegy in Jerusalem

A THREAT by Israel's Labour Party to bring down the coalition government was removed yesterday when Labour and Likud, the senior government party led hy Mr Yitzhak Shamir, the Prime Minister, agreed a compromise to get round their differences over peace proposals for the occu-pied territories.

The compromise formula, agreed yesterday morning between Mr Shamir and Mr Shimon Peres, the Labour leader, was a cabinet 21-4 vote reaffirming the peace initiative in its original form as endorsed

by the government in May. US-backed efforts to persuade Palestinian leaders to accept the proposals as a basis for negotiatioos will now resume, but have been hadly damaged by the events of this month.

exclude any exchange of terri-tory for peace in a final settle-Labour leaders called on the party to pull out of the coalition two weeks ago after Mr Shamir acceeded to demands from the Likud right wing to ment motive for being in the governproceed with the peace plan ment was to pursue a settleonly on strict conditions which ment for the territories, was initially enraged by Mr Sham-Labour regarded as wrecking

its chances of success. As originally put, the initia-tive proposed elections in the West Bank and Gaza Strip leading to interim Palestinian self-rule and, later, negotiations on a final settlement for the territories captured by Israel in the 1967 Six-Day War. The Likud cooditions were

meant - among other things - to block the start of any such process before the near 20-month-old Palestinian uprising, or intifada, in the territo-

i ..

ISBARLI workers staged a two-hour general strike yesterday in protest at mounting anemployment, as the coalition government discussed a finance ministry spending plan to spur the flagging econ-omy, writes Hugh Carnegy. The powerful Histadrut

ries was eliminated and to

Labour, much of whose

hold stance.

No decision was reached. but the Government did agree

to allocate an extra 150m shekels this year to the Defence Ministry to help offset the costs of fighting the Pales-tinian uprising in the occupied tarritories territories.

The powerful Histadrul trade union federation said about im people answered its call to stop work, hringing government offices, airports, ports, state- and union-owned industry and some private industry to a halt. Mr Shimon Peres, the Bingnese Minister and Labour This was less than half the sum sought hy the Defence Ministry hut it adds to the increasing pressure on the budget deficit as the Govern-Finance Minister and Labour ment tries to hold the balance party leader, proposed extra spending to ministers of more than 200m shekels (£62m) on between unemployment, at more than 9 per cent and ris-ing, and an inflation rate near 20 per cent. road-building and other infra-

Whether that moment will arrive is a most point. Until the Liknd conditions were structure projects, aid to industry and agriculture and imposed, there were indica-tions of progress in US efforts to entice the Palestinians into soft loans for troubled basi-

the election plan. Now, in the words of one US diplomat in Israel, "We're right back where we were before Shamir went to Washington in April."

In Palestinico eyes, Mr Shamir's embracing of the Likud conditions proved that his peace proposals were never serious, but meant only as a means of easing international pressure on Israel over its suppression of the intifada. Persuading them otherwise now

step hy step," says Mr Chaim Ramon, chairman of Labour's Increasing the difficulty is the strident opposition of Mr Shamir and his foreign minisparliamentary group. "We are dying slowly by being part of this government." ter, Mr Mosbe Arens, to Washington's dialogue with the

Mr Shamir's approach remains to negotiate with non-PLO local Palestloians, although Israeli attempts to

bypass the PLO have repeat-edly failed. The prime minister is likely to face continued attacks on his initiative from the Likud right, led by the three Likud ministers who voted against the comprise with Labour yes-terday - Mr Ariel Sharon, Mr David Levy and Mr Yitzhak Moda'i. But for now it is

defence minister and key sup-porter of the coalition. "The crisis will come if and when negotiations (with the Palestinians| start."

FINANCIAL TIMES Published by the Financial Times (Europe) Ltd., Frankfurt Branch, repre-sented by E. Hugo, Frankfurt/Main, and, as members of the Board of Direc-tors, F. Barlow, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurt/ Main. Responsible editor: Sir Geolfrey Owen, Financial Times, Number Ome Southwark Bridge, London SEi 9HL-9 The Financial Times Ltd, 1989.

FINANCIAL TIMES, USPS No 190640, published daily except Sendaya and bolidaya. US subscription rates \$365.00 per annun. Second-class post-age and at New York NY and at addi-tional unailing offices. POSTMASTER. send atdress change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022. Labour that seems the loser in the domestic political struggle. By striking an outspoken

position against continuing in Financial Times (Scandinavia) Ltd. Outergade 44. DK.: 100 Copenhagen-K, Denmark. Telephone (01) 13 44 41. Fax (01) 935333. government, and then accepting a rather meek compromise, Mr Peres has hardly enhanced

will be doubly hard. which, though dismayed by the Likud action, was anxious to PLO.

keep alive some hope for the initiative which it had been urging the Palestine Liberation Organisation to accept.

Labour knows that this explacation barely holds water, given that Mr Shamir is bound by his party to abide by the Likud conditions. But it ir's acceptance of these conditions at a Likud policy-making meeting. But as the days decided that it was best not to passed its fear of facing an provoke a showdown now election which polls predict it when the argument could still be made that the initiative still would lose badly eroded its had life in it.

It's too early for a crisis, said a source close to Mr Yit-zhek Rabin, the Labour in the meantime, Mr Shamir repeatedly said the Likud conditions were no more than a party positioo which did not affect the decisions of the National Unity Government, as it is called. Crucially, this was also the line taken by the US,

Africa," Mr Moi said. President Chissano also said he had asked President Robert Mugabe of Zimbabwe to join

College, Oxford, is believed to have been placed under house arrest shortly after he arrived in Rangoon on Saturday. A Under the terms of the year-long house arrest (which can be extended) Aung San San Kyi is ouly allowed to see immediate family. They in turn can only leave the house under guard and

may not communicate with

Khartoum talks

By Stefan Wagstyl in Tokyo

JAPAN is planning to establish a colony of retired egg-heads on the coast of Spain between Barcelona and the resort of Lloret

de Mar, beloved of British bolidaymakers.

The scheme is a greatly-modified ver-sion of a controversial plan launched three years ago to investigate building homes for Japanese pensioners in sumy spots

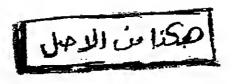
overseas. Japan was then accused of pro-posing to export thousands of pensioners in the wake of its success with cars, TVs

in the wake of its success with cars, TVs and other goods. Sensitive to this criticism, the consor-tium behind the Spanish project says it is looking for young retirees able to put more into the community than they take out of it. Mr Yu Yamauchi, the chairman, said he was looking for people aged 40 to 65 who were experts in their field. A knowledge of judo or Japanese cook-

Mubarak holds

Egypt's President Hosni Muharak held surprise talks with Sndan's new military ruler in Khartoum yesterday, amid speculation that Cairo

would take a lead in trying to end the six-year guerrilla war in south Sudan, Reuter reports from Khartoum. Diplomats said President Mubarak, who stopped off en route to the Organisation of



OVERSEAS NEWS

Insurance companies **Bush team** sure of win 'filing bogus claims' on capital By Louise Kehoe in San Francisco

INSURANCE companies are attempting to circumvent Cal-ifornia's Proposition 103 regu-lations, which would force them to cut premiums on car

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and property insurance poli-cies by over 20 per cent, by filing bogus claims, the state attorney general has charged. "It has been eight months since the voters adopted Propo-

sition 103, two months since we successfully defended the constitionality of the ballot measure in the California Supreme Court," Mr Jahn Van de Kamp, attorney general noted. "Now the insurance companies are trying to bury the initiative under literally

tons of paper." In May the State Supreme Court upheld the ballot mea-sure, which had been chal-lenged by insurance compa-nies, but said the companies were entitled to a "fair returp". Since then some 6,000 applications for exemption from the rate rollbacks mandated by Proposition 103 have been filed by insurers with the State

the companies the opportunity to earn a fair profit but no more," he said. "Unreasonably high overhead charges should be eliminated from rates. We Insurance Commissioner . "There was apparently a spirited competition among the are calling for the commis-sioner to throw out the compa-nies' manipulated, self-serving projections of future paycompanies to see who could dump the most paper on the Department of Insurance, with the winner tipping the scales

US official 'may have been working 10 years for KGB' **By Peter Riddell** MR Felix Bloch, the most Bloch's contacts with the Soviet Union went back more senior State Department offithan a decade. He alleged that he had also been seen with a known KGB agent in Vienna.

cial ever suspected of espio-nage, may have begun working for the Soviet KGB more than a decade ago, according to a senior Administration official. said the Federal Burean of Mr Bloch, suspended but not Investigation inquiry covers various illegal activities and

so far formally charged, was deputy chief of mission in the US Embassy in Vienna in the mid-1980s and was, more recently, responsible for rela-tions with the European Com-

munity. His alleged involvement with the KGB was found out several months ago and he is believed to have been videotaped handing a briefcase to a Soviet intelligence officer under surveillance in Paris.

A US official said the known in general about intalli-"unproven" belief was that Mr gence officers' movements.

gains tax over 1,000 pounds," Mr Van de Kamp reported. He has formed a team of By Peter Riddell legal and actuarial experts to examine the filings. THE Bush Administration is

increasingly confident of win-ning this week its long and bruising battle with the Demo-crat-controlled Congress over proposals to cut capital gains "We found the insurance "We found the insurance companies' filings packed with bogus claims; mountains of paper built on foundations of manipulated numbers; compa-nies claiming a constitutional right to profit margins as high as as part contractions and tax.

The State Department has

that agents are attempting to "identify the extent of the com-promise of security which has

occurred".

A group of six Democrats. A group or six Democrats, mainly from the Sonth, has decided to back a modified cut in the tax which, if endorsed by all the Republicans, would gain a one-vote majority on the tax-writing Honse Ways and Means committee as 35 per cant; companies claiming a constitutional right to spend as much as 45 per cent of every premium dollar on overhead." Filing formal objections to

Fling formal objections to all 6,000 of the exemption appli-cations last week. Mr Van de Kamp also proposed tough reg-ulations thet he promised would "deliver hundreds of dol-lars in rebates to every insur-ance consumer in California". "Wa want the commissioner

gain a one-vote majority on the tax-writing House Ways and Meens committee. If the capital gains tax cut is approved, both in the commit-tee and on the floor of the House, it would be a big domestic victory for President George Bush and a humiliat-ing defeat for the Democratic leadership. Mr Tom Foley, Speaker of the House, and Mr Dan Ros-tenkowski, chairman of the weys and means committee, are strongly opposed to an immediate cut in capital gains tax, which they argue would mainly benefit the wealthy. They have warned that if the White House insists on pressing the issue, there will be e backlash in loss of coop-eration on the harder task of agreeing a budget deficit reduction package for fiscal 1991 and later. There have been reports of a possible deal in which tha White House would agree to broader tax rises to reduce the deficit and preserve some to adopt regulations that give

deficit and preserve some

spending programmes, in return for Democratic support for a cut in the burden of capi-tal gains tax by taking infla-tion into account. Mr Richard Darman, budget

director, yesterday denied the Administration was proposing any new taxes for fiscal 1990 and claimed the Administration had the votes needed to win the capital gains tax cut. The only problem was that Mr Foley and Mr Rostenkowski were "delaying a vote". The Administration has pro-

There is particular sensitivity over the allegations because Mr Bloch had access in Vienna to a considerable posed cutting capital gains tax from the present 28-33 per cent to 15 per cent. The rebel Demomount of secret information, in an embassy where the CIA crat alternative is for a cut to had a big presence. He would apparently have 28 per cent for two years, fol-lowed by a retarn to 28 per cent, but then an indexation of the tax.

Dark Knight returns as Gotham trembles

The new Batman film is feeding New Yorkers' fantasies, writes Roderick Oram

DECENT people shouldn't live here. They'd be safer somewhere else," declares The Joker in Baiman, the film rub-bing raw emotions and smash-

ing box office records in New York City and across the US. The Joker, tha personifica tion of evil, fights Batman, the neurotic champion of good, for the lives and souls of the citizens of Gotham City. Beset by crack, crime and corruption, New Yorkers wonder where fantasy ends and reality

begins. Even Gotham's incompetent mayor is the spitting image of New York's Ed Koch. The mayor's seen the movie and he likes it," says an aide. "Personally, I think the guy on the screen is a bland imitation of the original."

Batman is no kids' romp. Based on the 50-year-old comic book character, it darkly depicts a filthy and demoral-ised city. It is a nightmarish, violant myth with The Joker Warner Brothers, the film's distributor. But which nerve? "I think you'd better ask a psychiatrist. True analysts and historians

and Batman playing opposite but almost equally distorted sides of human nature. Months before it was released fans across the counare people like Joe Libach and Scott Williams, owner and employee of Village Comics in New York's Greenwich Village. "You can identify with Battry were paying \$6 to see its 90 second trailer. Since the film finally arrived three weeks msn," says Scott. "He'a human. He has no superpow-ers. Ha'a just rich and uses his ago, they have been turning ont in their millions. Some inheritance to build all the gadgets he needs." "Superman's naive, a goody wear all-black Batman cos-

tumes, many others hats, T two-sboea. Batman busts shirts or skirts emblazoned with the gold and black Bat-man logo. Women are painting heads," adds Joe. His T-shirt says "Good Guys Wear Black". Homage to the hero? "No, to their nails with it. Playing coast-to-coast in my Harley '73." Batman owes his start in life

2,200 Batcaves, the \$30m film to Superman. Back in 1939, a year after Action Comics swept the market with Superman, its arch rival Detective Comics

The film smashed the \$100m mark in a record 11 days

asked Bob Kane to come up with a competitor. The 18-year-old New Yorker took only a few days to devise Batman, drawing in part on Zorro and on Leonardo da Vinci's designs

has already grossed more than \$150m (1993m). It smashed the for man's wings. Batman first hit Gotham's \$100m mark in only 11 days. streets in Detective Comics issue 27, a gaudy dime thriller against the previous record of 19 days set weeks earlier by Indiana Jones and the Last on cheap newsprint. Joe relates: "An old woman in Connecticut called me up after the movie was out. She'd got her "You couldn't make that kind of money without touch-ing a nerve," says an official of son's comics out of the attic and was reading the dates to me. One was a DC 27. I told ber

it was worth \$30,000. I thought she was going to drop dead." Fate has taken less pleasant twists for loyal Batman fans. They believe the creators of the 1960s television series had grossly demeaned his character, pouring him into blue tights, green trunks and a yellow cape and making his assis-tant Bobin e sexually ambigu-ous twit. "It got kinda campy and silly," says Joe. Then a few years ago the hero was redeemed in an

Loss provisions

charged on outstanding loan balances by two-thirds - from

0.75 per cent to 0.25 per cent – saving borrowers about \$200m

expensive new comic book, one with round eyes," he adds. "They understand the value of The Dark Knight Returns, in which Batman, ageing and marketing." His store is crammed from floor to ceiling with comics, some such as crotchety, comes out of retirement to do battle with murderous punks who are about to take over Gotham City, and Tales From The Leather Nun placed out of reach of young hands. "Most of our customers

Warner executives have cast their boss as Batman

wants to free the nation's capi-tal of criminals. He has offered to move Washington's hell-hole of a prison to West Virginia so with the weak-kneed liberal psychologists who defend the punks' actions and criticise the caped crusader as a sadistic neurotic in fancy dress. "It's a pretty gritty story and it was followed by reprints of Batman he can build on the valuable ers, two major media compa-nies are fighting to merge in the face of fierce oppositioo

pretty gritty story and it was followed by reprints of Batman Year One, which is pretty cyni-cal stuff," says Joe. Life for Batman readers got even better last year after they voted in a telephone poll to kill off Robin. So popular has the true Batman become that a reprint of the comic book Batman Year Two, Part Four, which cost 75 cents new in 1987, now sells for more than

"Tbanks to him, we've brushed off the stigma about reading_comic books," says "We've now got major Scott. stories coming out in comics and about 20 translations from Japanese ones.

cast their boss Steve Ross as Batman, his putative partner Richard Munro of Time as Robin, and Martio Davis of Paramount as The Joker. But have they forgotten that Batman and his followers overthrew Robin? That The Joker was defeated only after be inflicted terrible pain oo Bat-man? Or that, in the closing scene, it's The Joker who has

High on the film's buge prof-its, Warner executives have

"The Japanese draw every-

Away from books and screen, other adults are living

out Batman fantasies. Mr Bah-

man Batmanghelidj, an Irani-an-born real estate developer

who calls himself Batman

Back in Gotham's skyscrap-

are adults."

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the last laugh?

Star Wars director to meet Israeli defence chief

THE director of the US Star Wars (Strategic Defence Initia-tive) programme yesterday began a four-day visit to Israel, increasingly involved in research and development of the project, Reuter reports from Jerusalem.,

Lieutenant-General George Monahan will meet Israeli Defence Minister Yitzhak Rahin, a ministry spokesman

The US and Israel agreed in March to develop a \$35m com-puterised research centre for systems included in the programme. The two countries also

said.

agreed two years ago on a \$158m project related to the programme to develop the Arrow interceptor to shoot down short-range missiles.

at World Bank THE World Bank last year set aside an additional \$300m for The ministry spokesman said Lt Gen Monahan and other US defence officials accumulated loan loss provisions, bringing the total to \$800m, representing one-quar-ter of the principal oo loans owed by eight debtor countries, would visit industries involved in Star Wars research, but top ics of discussion could not be writes Nancy Dunne. Still, the bank's net income

disclosed. for fiscal 1989 rose to \$1.094bn, Analysts said the officials from \$1.004bn the previous year, the bank said, releasing would probably talk abont increasing US-Israeli co-opera-tion on the programme, which aims to research and build a space shield against nuclear end-of-year financial results. The bank's strengthened reserves position enabled it to reduce commitment fees

attack. Mr Dore Gold, director of the US Foreign and Defence Policy Project at Tel Aviv Universi-ty'a Jaffee Centre for Strategic Studies, said Israel was inter-ested in "ground-based missile interception, the less contro-

for the year. The bank also began implementing a new financial management system, to limit the impact of exchange rate expoversial part of the pro-gramme." sure on borrowers.

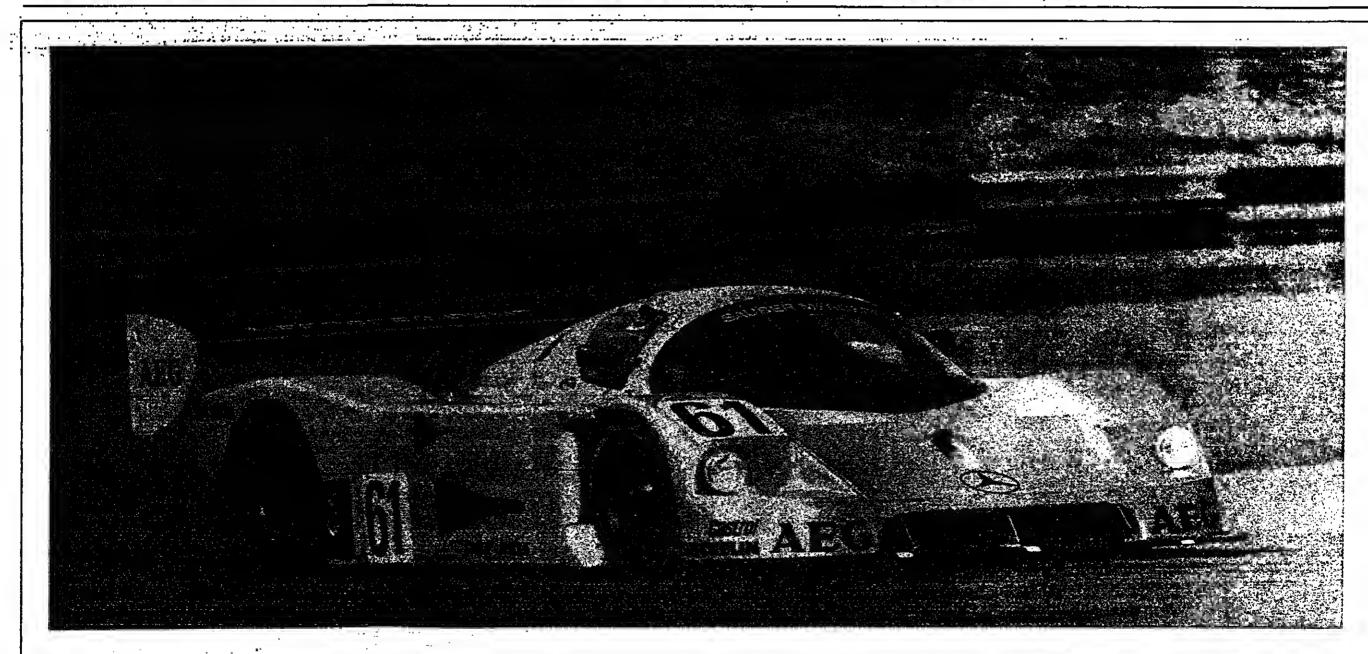
Brazilian stock market scandal prompts search By John Barham in Sao Paulo

BRAZIL'S federal police are hunting for two suspects wanted on charges relating to last month's stock market scandal. Mr Najl Robert Nahas, a

leading speculator, and Mr Elmo Camoes Filho, son of the former Central Bank president and director of a bankrupt brokerage, have apparently disap-peared. A Rio de Janeiro judge ordered their preventive arrest late on Thursday because he said they could interfere in police investigations or flee the country. The two men's law-yers say they will apply for a writ of Habeas Corpus today. Mr Nahas and Mr Camoes Filho, have been accused of manipulating financial markets.

The Federal Police have also charged Mr Martin Wimmer, president of the Federal Stock Market regulatory ageocy, for his alleged failure to curb speculation. He is expected to resign shortly. Public prosecutors say they plan to indict a further 15 iodividuals connected with the scandal.

Mr Nahas provoked Brazil's worst ever stock market collapse in June after he assumed a massive position in the Equities and Stock Options mar-kets. On June 9 he refused to honour \$31.1m in debts, plunging the entire financial system into crisis. Share prices halved. regulators closed seven insolvent brokerages, and Central Bank president, Mr Elmo Camoes, resigned.



Mercedes-Benz take 1st and 3rd at Brands

ist: No.61, Sauber-Mercedes C9-88, driven by Mauro Baldi and Kenny Acheson. 3rd: No.62, Sauber-Mercedes C9-88, driven by Jean-Louis Schlesser and Jochen Mass. (Result subject to official confirmation.)

Mercedes-Benz increased their lead in the World Sports Car Championship at Brands Hatch yesterday with their 4th win of the season (including Le Mans). More than just a triumph for performance engineering at Mercedes-Benz, it was another successful trial for the racing version of the 5.0-litre V8 engine used in Mercedes-Benz road cars.

ENGINEERED LIKE NO OTHER CAR IN THE WORLD.

OVERSEAS NEWS

Parallel import fears start alarm bells ringing for UK book industry

David Buchan reports on the way in which the European single market will have repercussions for English-language publishers

tion law is a threat to the way in which they divide np the market with their US counterparts on the basis of exclusive

territorial rights. But they do not know what to do about it and the European Commission is not sure

Officials working for Sir Leon Brittan, the Enropean Community's Competition Commissioner, are ready to offer British publishers coffee (this is Brussels, after all) and sympathy, hut not much else.

They do not see any competi-tion grounds for offering UK publishers bloc exemption from the Treaty of Rome's general provisions against any-thing which divides up the Community market, soch as the existence of exclusive rights in only ooe EC state such as the UK.

RITISH publishers Perhaps, suggests one Brus-believe the Enropean sels official, the British book Community's competi industry could plead the defence of European culture as justification for a waiver of

Community competition law. Certainly, the "cultura defence" argument appears to be gaining ground, with the Community likely to pass fairly soon legislation providing for some minimum local Ħ content in European television

hroadcasting. This is based essentially on French demands that Euroshould be protected against American imports.

The big problem for UK pub-lishers, however, is that they are alone in the EC book sector, for reasons of language, in facing strong extra-EC compe-tition from the US. (In TV, dubbing overcomes the language

barrier). The problem of exclusive ter-ritorial rights in the book trade

is not strictly related to the 1992 internal market programme. It has been around for years - an accident waiting to happen. Nothing in the internal mar-

ket white paper specifically relates to publishing. But the 1992 programme has beight-ened awareness of the single market's implications and of the provisions against carving

The basis on which English language books are tradition-ally traded is that British publishers get exclusive rights in the UK and to a large extent the Commonwealth, while US publishers get North America (the US and Canada) as their

xclusive domain. Non-English speaking areas, of which continental Europe is increasingly important, are treated as "open" or non-exclusive markets by UK and US publishers and agents.

"European industry would

the conference, including Mr

and the second second

The exclusive system is gen-

BTHE EUROPEAN MARKET

eraily vaunted hy poblishers on both sides of the Atlantic as providing efficient local marketing and good returns to authors

But its success, says the UK Publishers Association, is "based on the ability provided by copyright law to protect tha exclusive market, the anthors' royalties from sales in that market, and the investment involved in producing, printing, stocking, promoting, and distributing titles in each mar-

Thie sort of exclusive

arrangement has long heen questionable under EC law. The Rome Treaty bans member states using means (such as national copyright or patent laws) to prevent the free movement of goods lawfully marketed in other parts of tha

Community. The protection of industrial or intellectual rights has been interpreted by the European Court and the Commission to permit ownership of exclusive territorial rights, but not erer-cise of such rights to block goods coming into that territory from elsewhere in the

tory from elsewhere in the Community. This is known as "parallel importing", dubbed by a Com-mission lawyer as "the darling of Community law". UK publishers lingered in a twilight of half-hope, until pas-sage of the 1988 Copyright Art which comes into force on Angest 1.

Angust 1. The effect of this, which

made clear the primacy of EC law, was, says Mr Ian Taylor of the UK Publishers' Association, to make parallel importing an infringement of copy-right, except when carried out through another EC country.

This has set the alarm bell ringing for Britain's publishers In fact, little parallel import-ing of US titles into Britain has taken place recently because of the strength of the dollar. Most US publishers contend that it will not happen, because of the costs of selling first to the Continent and thence to the UK.

But Mr Clive Bradley, chief executive of the UK Publishers' Association, says: "What wor-ries us is premature remain-ders of US editions, failed on the US market while still selling well in the UK, advance editions designed to catch the initial demand for bestsellers, American authors, especially and imports when the dollar is

these American books in nontion is to accept tha thrust of English speaking countries EC law, and the logic of 1992, and to huy and sell exclusive around the world. English language rights for the offered to support their UK Community as a whole, clearly counterparts' request for exemption from EC competifor somewhat larger sums than UK rights alone.

The problem, according to Mrs Gill Coleridge, a leading UK agent, is that most Ameri-can publishers do not want to tion rules. But officials in Brussels say they have yet to hear from the Americans and that, in any case, such a show of transatdo business on that basis.

lantic solidarity would be unlikely to make them more Many US publishers appear to believe that their UK rivals are just using trumped up legal yielding. The same officials say they would be happy to spell out to the Americans the weakness of fears to grab a bigger market share for themselves. One of them, Bantam Doubleday Dell, recently set out its

the British case. At the moment, the Enro-pean Commission has bigger objections to selling exclusive EC-wide rights to UK publishcompetition tasks than to bring an action against the British publishers. "Without being too jingois tic, there is no reason to believe that the interests of

But does the UK book industry need to provoke a test case against itself, and to lose the action, in order to prove its point?

Some US publishers have

best served by British publishers selling British editions of weak". Of course, one obvious solu-

EC 'could not become a trade fortress'

By Peter Montagnon, World Trade Editor

THE European Community lacks the legal anthority to impose greater restraints on imports and could not become a trade fortress after 1992 even if it wanted to, according to Mr Johannes-Friedrich Beseler, a senior Commission trade official.

Addressing a conference in London on the external impli-cations of the single market, Mr Beseler, who is best-known for his role in implementing the Community's controversial anti-dumping policy, brushed aside international fears that the single market would lead to an extension of national import restrictions to a Community-wide level

The single market would lead to "an nnprecedented wave of liberalism" which may even bring considerable problems for certain industries in certain member states. It would be unwise of those industries to rely on protection from Brussels, he said. Currently, EC member states

operate a total of 735 quantitative restrictions on imports from outside the Community. Many of these are enforced hy Spain and Portogal and are dna to be wound down any-

way, as these two countries complete the transition stage had to prove the industry concerned was being seriously injured by imports. In most of their accession to member-

The rest, covering products as diverse as cars, films, measuring instruments, ceramics and toys, depend on Article 115 of the Treaty of Rome for their they could rely on stepped-up anti-dumping and countervail-ing dnty actions to restore enforcement, he said.

This article, which permits member states to boleter some of the protection lost as national quotas by restricting national quotas disappeared, entry of goods ronted through be said. other member states, will become obsolete after internal barriers disappear, making national quotas unenforceable. Its use has already been wound down

be hadly advised to rely too heavily on this instrument," he added, not least because many dumping complaints ware rejected by the Commission which also had to consider the Mr Beseler told the conferbroader economic interest of ence, which was organised by the Confederation of British the Community before impos-Industry and the Royal Insti-tute for International Affairs, ing any duties. His remarks were, however, met with a degree of scepti-cism by some other speakers at that in all bnt exceptional cases it would be illegal for the

Kojiro Takano, from Japan'a instituting Community wida mission to the EC. He said the qnotas to replace national import restrictions. many voluntary restraint arrangements operated by EC states against Japan would be EC rales do provide for emergency protection against surges of imports, but they the acid test of European trade mirror exactly those in force under the General Agreement policy after 1992. on Tariffs and Trade. That

a second and a second at a

Commission to respond by

products manufactured in meant that the Commission third countries in connection with anti-dumping actions was a source of serious concern. They were "legally uninstitia-ble, economically harmful and politically unwise," Mr Takano cases, it would simply be impossible to do so. It would also be wrong for businessmen to assume that declared

> Brandishing a copy of a US newspaper article written the day after the EC imposed dumping duties on Ricob photocopiers, Mr Beseler retorted that Ricoh executives had declared themselves wholly unperturbed by the European action as they could divert product sourcing from Japan to their plant in the US.

The article suggested that European customs officials would not notice that the prod-nct was still basically Japanese

This explained wby the Community had had to protect itself against circumvention of anti-dumping duties by attack-ing so-called "screwdriver" assembly plants outside Japan.

"We are absolutely convinced that we acted in strict-The local content require- est conformity with Gatt ments placed on Japanese rules," he said.

· . ·

a June 16 ceremony in Buda-**Opposition politicians study democracy**

y are united in opposi

SOME DOZEN Hungarian tary) last year was not helpful oppositionists are in London to the opposition. It gave peo-this week to study democracy ple the impression Western in action; they have come to learn, and teach, John Lloyd

They were buoyed by the news that an opposition cardidate had won a Parliamentary seat - the first member of an opposition party to do so for 40

They are avid for practical details. For Mr Geza Jesenszky, dean at Karl Marx University and a member of the Demo-cratic Forum; it is "the practions, to minimise the possibility of hardline reaction. ce of runn

hut it may be deeper." Their mood seemed realistic, even modest. All were pleased with the symbolism of Presi-dent George Bush's trip and his according equal weight to opposition and government. governments support the authorities and see the opposition as marginal figures - dissidents. I hope that has now None said he was unhappy at the small amounts of financial support promised. "We did not There is one MP, Mr Zoltan Kiraly, an independent expelled from the party for being too independent. He sees it as essential that the Hungarwant more aid to the government," said Mr Vidos. "We need encouragement of the priian Parliament gain antbority vate sector for different venafter next year's promised elec

tures," added Mr Rajk. The experience of the week-end election has been exciting, showing that a joint opposition candidate can win. But it was chastening, too, in the fact of a

low turnout. "Politicians of the opposition must prove themselves more than just talkers," says Mr Jesenszky. These opposition politicians bave come to Britain to help produce such proof

surrender power next year have increased after a by-election victory by an opposition candidate. The only clear winner in Sat-urday's ballot in four constituencies, which gave Hungarians

their first chance to vote freely since 1947, was a Lutheran clergyman, Rev Gabor Roszik, who gained 70 per cent of the vote in one area, more than double the Communist score. Three other areas showed no clear result. The low turnout confirmed scenticism over Hungary's new multi-party system, to be fully tested in gen-

trol, and scepticism about the opposition parties. In two constituencies where the opposition polled the most votes, the results were declared invalid because of low turnout. A Communist candi-date topped the fourth poll but

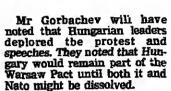
changed."

failed to get the required 50 per cent of votes. Mr Roszik campaigned for a democratically elected Parliament, declaring that the anthorities should serve the paople. The by-elections occurred because Party depu-ties vacated their seats in the

party elections. Mr Rezsö Nyers, the reform-

new or mid-list authors, can be

minded president of the Party's four-member collective leadership, and Mr Karoly Grosz, the Party's general secretary, begin talks in Moscow today. Mr Mikhail Gorbacbev has said East European countries are free to determine their future, but the Soviet media has criticised Hungary over a protest outside the Soviet Embassy in Budapest. The Soviet news agency, Tass, crit-icised "anti-Soviet" speeches at



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Mr Nyers, father of the 1969 Hungarian economic reforms, has urged shifting Hungarian trade away from Comecon

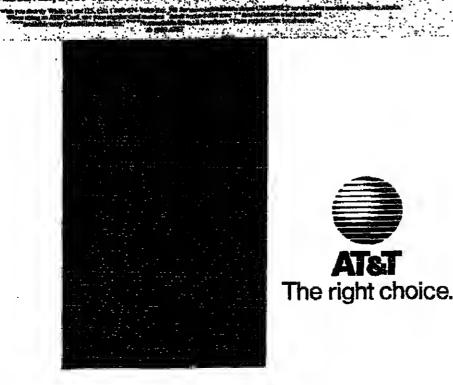
towards the West. He was chosen last month to head the Party, to stave off a split between radical reformers and conservatives. He is expected to stay in office until Octo-ber's Party Congress, expected to sweep out remaining central miftee conservatives

Poll victory pressure on Hungarian party By Leslie Colitt in Berlin wake of discontent over repre-sentatives chosen in past one-PROSPECTS for the Hungarian eral elections next year, doubts if the Communist party is really prepared to yield con-Communist Party having to



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- how an MP represents his tion to the party, half admir-roters. You know, our MPs ing, half distrustful of the have till now simply agreed reformist Communists - but voters. You know, our MPs have till now simply agreed Later this week, they will be taken to see Tooting and Bir-mingham Hodge Hill (both Labour), Bermondsey (Demoare also competitors, one with are also competitors, one with another. When Mr Rajk gave me the Free Democratic pro-gramme, Mr Jesenszky responded with bis. Mr Jesenszky is leery of sudden moves out of the Warsaw Pact, fearing reaction in the Soviet Union crat), Taunton, Corby and Bristol West (all Conservative -the last the seat of Mr William Waldegrave, the Foreign Office Union. Mr Rajk and his colleague, Mr Tibor Vidos, stress the need for a phased distancing of Hun-Minister, who has helped pro-mote the trip, organised by the UK-East European Centre). gary from the Warsaw Pact and Comecon. The differences are, on this matter, practical, not deep and strategic. For Mr Gyorgy Ruttner, a Social Democrat and lawyer, it is "the law, the judiciary -1want to see a system where the They are proud of the new vitality of Hungarian political life, and of their diversity. Mr prosecution does not have so much power and where judges are independent of party, do Andras Vagvolgyi, of the youth group Fidesz, says the opposi-tion can turn the lack of a Polnot have to rely on tha Party for career." Mr Laszlo Rajk of the Free Democrats is bere to learn, too, ish-style mass movement to its bnt will bave a criticism to make. "The British Governadvantage by offering choices. "In a highly differentiated soci-ety, that's an advantage. Our ment's reception of Karoly Grosz (the party General Secrereform is slower than Poland's SHIPPING REPORT

Calls for tanker tonnage up with little change in rates

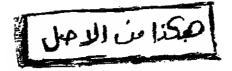
By Kevin Brown, Transport Correspondent DEMAND for tanker tonnage ers in the western loading increased towards the end of areas, particularly the Mediter-

ranean, where rates rose by around 30 per cent. last week in most loading areas, but there was little change in rates in the Middle One owner was said to have fixed a ship of 80.000 tons dead weight from Libya to the UK/ Continent at Worldscale 130. East Gulf because of an oversupply of very large and ultra large crude carriers. Brokers said VLCCs were being fixed from the Gulf to the Red Sea at around World-Another fixed a similar ship from the West Mediterranean to Portugal at Worldscale 145. scale 45, to Japan at around Worldscale 50, and to the West at around Worldscale 47.5. Part of the reason for the improved rates was renewed activity in the North Sea, These rates reflect a slight decline in the market over the past month or so, following a rally in May and June, when rates for some voyages reached evels last seen in mid-Janu-

which has reduced the number of ships ballasting to the Medi-terranean in search of cargoes. Brokers noted, however, that most of the activity was centred on July. Less demand ary. Business was better for own- cargoes. was evident for August WORLD ECONOMIC INDICATORS

	TRADE	STATIST	rics			
US (Sbn)	exports imports balance	May '89 30.473 40.710 -10.237	Apr. 89 30.759 39.045 -8.286	Mar.'89 30.323 39.868 -9.545	May '88 26.283 37.948 -11.665	ART
Jepan (US\$bn)	exports imports balance	21,245 16,179 5,066	21.847 14.483 7.364	24.238 17,104 10,149	20.468 13.690 6.838	the Leiows Ga don W.1 01- importment V
UK (Sbn)	exports imports balance	7.575 9.299 -1.724	7.143 9.297 -2.155	7.396 9.073 -1.677	6.592 a.219 -1.627	28th July Mo
W. Germany (Oldbri)	exports imports balance	51,710 41,480 10,230	52.720 41.570 11.150	51.480 39.520 11.960	46.740 37.140 9.600	
France (FFrbn)	exports imports balance	92.623 99.262 -6.639	93.697 97.382 -3.695	96.485 96.835 -0.350	82.362 83.947 -1.565	EVE HAS OUTLI policy on tain Suppor from musiciana, gi flopishowa, St. Londan

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NOTICE TO HOLDERS OF RECEIPT (EDRS) IN PIONEER		
EDR Holders are informed that Frencer Ele solders of record Jist March, 1989, of Yea 10 Depositary has converted the net among after United States Dollars.	stropic Corporation has paid a dividend to per Yen 50 Share of Common Stock, and the deduction of Japanese withholding taxes into	
EDR Holders may now present Coapon No.	6 for payment	
Payment of the dividend with a 15% withhold or the Agent of a valid alfidavit of rendence is with Japan giving the benefit of the reduced such arrangements are as follows:	a scountry having a the treaty of agreement	
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Failing receipt of a valid affidavit, Japanese wi 20% on the gross dividend payable. The full ra unclaimed after 31st October, 1989.	chicking by will be deducted at the -to of	
Amounts payable per EDR of 1,000 Shares at	gainst Coupon No. 6.	
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24th July. 1989		
S.G. Warburg Capital B.V. U.S.\$200,000,000	LEICESTERSHIRE	
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AND REPORTS

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ADVERTISEMENT

"Take my tip. If you want a satellite system, buy Sky"

WHAT SS ellite FORGET THE R

What Satellite is an independent consumer's magazine. Here we publish a blistering examination by respected industry observer Barry Fox in which he traces the stumbling saga of the BSB squarial and its future.

ake my tip. If you want a satellite system, buy Sky. I have been sus-picious about BSB ever since the company won its franchise from the IBA, with the promise of a complete

reception system for under £200. The silly 'squarial' was launched with a blaze of publicity — and no-one telling the press, trade and public that all they were seeing was a wood and plastic mock-up dummy.

Then there was the plan for five channel transmission, from a satellite

pler to erect would be available in the Autumn.

I went out on a limb and filed an official complaint with the Advertising Standards Authority.

I formally objected that BSB's advertisements were misleading in promising that the squarial would be proudly displayed in homes all over Britain from September'.

I argued that the squarial was still in the early stages of development, and highly unlikely to be available in September as claimed. - The ASA is now considering the com-

fair I wrote to Anthony Simonds-Gooding, asking him a blunt question. Did he, as chief executive of BSB, now admit that he had failed to under-stand the problems of manufacturing technology and through this failure gen-uinely believed until May that there was -5

no risk of delay?

is explanation is so garbled that the only thing I can do is to quote it verbatim: 'As parts of our technical systems are now forecast to be coming in later than planned, this is putting a time squeeze on the systems integration phase of the process."

originally designed for three channel' transmission. BSB did everything possible to duck the issue of the inevitable reduction in power.

When I wrote articles questioning what BSB was up to, the company wrote whining letters of complaint to editors — even though they had previ-ously refused to answer questions. Some magazines (but not the What stable, I hasten to add) felt intimidated;

asked BSB for comment on what I had written and got categorical denials.

So, sometimes my articles were watered down; sometimes they never saw the light of print.

BSB's head honcho, Anthony Simonds-Gooding, that he should organise a hard fact briefing for the specialist press to tell what on earth is going on inside BSB — and explain why the company has been promising, and advertising, reception equipment for a September launch when anyone with half a brain knowledge of the consumer electronics industry knew that there wasn't a cat in hell's chance of having MAC receivers and squarials ready for sale.

So the myth of a September launch perpetuated, and the general public was sucked into believing what it was told.

This had the happy (for BSB) effect of deterring people from buying Astra reception equipment in the misguided belief that something cheaper and sim-

plaint, and it's report will soon be published. I await the ASA's judgement with considerable interest.

But already, the chickens are coming home to roost.

SB has now admitted that it can-not meet promised dates. Editors who believed BSB's categorical denials are now sadder and wiser.

So has the leopard changed its spots? Judge for yourself.

The first chink in BSB's armour showed on May 11, when the company issued a statement, in response to press speculation admitting 'some slippage' in the development schedule, but still dreaming that it might be 'recoverable'.

Over the next two weeks Simonds-Gooding recognised that he could no longer escape reality and would have to delay the launch at least six months.

On May 25 Simonds-Gooding held a briefing for a handful of journalists, mainly not technical specialists, and released a briefing note to a few more. I did not get a copy of the briefing note until I specifically asked for it.

BSB normally circulates its press releases to all journalists, via a press agency called Pims. But the agency confirms that it was never asked to distribute the May 25 note owning up to the delay.

This is why at first there was only limited press coverage of BSB's decision to hold back the launch. To try and be

Make of that what you will. So, where do we go from here?

Graham Grist, deputy chief executive in charge of technology, has 'left' the company.

No fancy footwork about the resignation. The announcement just said Grist was 'leaving'.

It was Grist's job to advise BSB's board on technical matters and answer technical questions at press conferences. My main memory of Grist was of when I asked at a press conference about BSB's transmission power with five channels.

In public, Grist fudged the issue of whether there would be a reduction in power. In private afterwards, he con-ceded there was logic in what I had suggested — that five channels working from a three channel satellite means a drastic reduction of transmission power.

ignificantly, BSB now talks about not starting the five channel ser-vice until the summer of 1990. By then - if investors have continued to cough up money — there should be a second satellite in orbit.

But it's a big 'if'.

Astra already plans a second satellite for October 1990, doubling channel capacity to 32.

Hence my advice. If you want to watch satellite TV, buy Sky.

If BSB ever launches, my prediction is that it will soon have to sell conversion kits for Sky systems.

Reproduced with permission of What Satellite magazine, based on an article in the August 1989 issue. In accordance with his normal practice, Barry Fox, an independent freelance journalist, has declined a fee for reproduction. A donation has heen made to The Guide Dogs For The Blind Association.

UK NEWS

Worrying trends behind investments surge |Water sell-off plan faces rebellion on pricing policy

Extra spending on manufacturing may not be as healthy as it looks, says Nick Garnett

UK market for

machine tools

Value (£ million)

800

700

500

400

30

rooted as the Government and some industrial leaders claim? Has the UK raised its international competitiveness as a result of it?

A second second second

UK manufacturing has gone through a surge in capital equipment investment during 1988 and into this year which, on the face of it, should have improved the country's overall ability to compete

Fixed capital expenditure at 1985 prices rose almost 14 per cent last year to £10.5bn. That figure is 65 per cent higher than in 1982, the lowest invest-meot year during the 1980s.

The British machine tool market rose 22 per cent in sales value last year to £805m, one of the biggest single-year increases recorded. That represented some sub-

stantial re-equipping across a broad range of manufacturing but some industries registered even larger increases in expen-diture on equipment. The UK chemical and phar-

maceuticals iodustry raised capital investment last year to £1.69bn which, translated into Ecu in a statistical table produced by the national chemical federations in Europe, represented a rise of 25 per cent.

This kind of investment has been mirrored in many nonmanufacturing areas. For example, the British market for construction machinery rose 45 per cent last year, measured in unit sales, to 22,900 machines, confirming the Brit-ish market as the biggest in Europe

Many types of manufacturing companies have benefited from this re-equipping and

AS the investment boom in British manu-facturing been as deep rooted as the Government and Apricot, the UK producer of workstations and departmental computers, says quality has been the overriding factor in Apricot's recent investment

"A lot has gone into automated testing equipment," he says. "Between 60 and 70 per cent of new investment has gone into the quality side of things.

It is this kind of investment which Mr Nigel Lawson, Chan-cellor of the Exchequer, has often stressed as a sign of the health of the British economy. At a meeting of the National Economic Development Council earlier this month, Mr Law-son provided journalists with a series of steeply rising investment graphs. One, for business investment

as a share of GDP, rose from 12.5 per cent in 1986 to more than 14.5 per cent et the start of this year

The broad figures on increas-ing investment, however, mask serious underlying worries about the nature of some of that investment, the shortness of the period over which it has heen sustained and compari-sons with what UK manufacturers' main international com-

petitors have been doing. Firstly, not all industries have benefited from rising investment. In textiles and clothing, for example, the estimated expenditure on capital equipment and buildings actu-ally fell last year to £452m from £471m in 1987.

The Britisb Textile Confederetion estimates that the indus-try in West Germany and Italy partly reflected some pent-up demand.

The overall position in capital equipment on engineering shop floors does not look impressive when compared with some of the UK's main

competitors. Britain remains a bigger pur-chaser of machine tools than France. Buying in Italy, how-ever, has risen 25 per cent per year for two years running and is now about 50 per cent larger than the UK market.

1978 80 82 84 85 88 Sourceditectine Tool Technologies Assoc those of the UK, has recorded fairly sluggish growth in demand in 1987 and the first half of 1988. But requirements for new production equipment have now exploded there, with the German machine tool asso-ciation reporting domestic orders up 90 per cent this year. To put the UK's engineering production investment in coninvested about 35 per cent more than the UK through the more than the UK through the 1980s, a gap which is larger than the difference in the sizes of their respective industries. This might not be quite as bad as it seems. Mr Colin Purvis, the confederation's divector event the British

director, says the British industry has tended to opt out of commodity products where investment demands are huge and in which the West Ger-mans, Italians and French are much stronger. Nevertheless, the confedera-tion concedes that the overall

even less encouraging because large chunks of UK manufac-turing entered the mid-1980s stment record of the industry through the 1980s has not been good. with grossly outdated factories. Secondly, in some industries the surge in investment last year followed a period of fairly In those industries noted for healthy investment, high capi-tal expenditure in the UK has abysmal expenditure on capital goods. This was marked right across engineering related secalso been part of a general reequipment programme across arope

Demand for machine tools in the UK recorded a slide in 1987 of 13 per cent, partly because of the phasing out of some capital allowances. The surge in the market last year, therefore, chemical industry and less than 10 per cent in West Cer-

ous year investment growth was generally flatter in Britain than in the rest of Europe.

textiles, the British confederation says UK companies have heen brying sophisticated equipment. In machine tools, howaver, West German machine suppliers argue that the UK component subcon-tracting industries remain West Germany, whose

machine tool purchases are more than two and a half times those of the UK, has recorded modest purchasers of high cost production equipment for flexi-ble, small batch production compared with those in France and West Germany. This will harm their competitiveness,

harm their competitiveness, they say. In the supply of materials handling machinery, the type of equipment UK companies have been purchasing indicates that a lot of it has gone into retailing and distribution ware-housing rather than factories. Mr Boh Bischof, head of UK operations for Junghainrich. production investment in context, demand for metal cutting and forming machines in Japan, a relatively flat market operations for Jungheinrich, the West German lift truck maker, says: "The type of lift trucks bought in the UK tells you this and makes a compariin 1987, sprang back into life with such force in 1988 that machine tool sales rose there by more than 50 per cent. The overall picture looks

son with sales on the Conti-nent where a bigger percentage of equipment goes into produc-tion plants. For the Chancellor to say that imports of capital goods are all part of investment in manufacturing in Britain is too simple." The UK still has a long way

to go. The £10.5bn investment The rise in capital expendi-ture by a quarter in the UK chemicals and pharmaceuticals in manufacturing recorded last year may be well above the low point recorded in the 1980s but industry last year compares with just 12 per cent invest what it was in 197 ment growth in the French in constant prices.

By Richard Evans many. However, in the previ-

THE problems over water privatisation are set to deepen this week, with the Environment Department facing a rebellion Thirdly, question marks hang over the type of equip-ment purchased in the UK. In from water authority chiefs over future charging policy.

All 10 water authority chairtogether with the 25 statutos y water companies, are to be allowed to raise prices by the rate of inflation, plus a factor known as K. This will vary from company to company and men in England and Wales, plus their advisers, are to meet Mr Michael Howard, Water Minister, for a critical series of negotiations on the scale of from year to year, according to price rises to be allowed after the authorities become public limited companies in Novem-

ber. The Government is determined, for political reasons, to keep annual increases as near to single figures as possible. industry leaders argua this would be totally unrealistic, given capital spending levels required to improve water and river quality and bathing-

levy additional charges under the "cost pass through" arrangement. each standards. "It is an absolutely chaotic scene with the Department

By Michael Smith and Kevin Brown

BRITISH RAIL said last night

that it was confident of run-

ning st least a partial service next Wednesday in spite of a planned strike by the National

istic.

BR promises service

despite train strike

GOVERNMENT'S often cancelling meetings just charge for costs which st presas we come to a crunch point. They oave belatedly realised the scale of the investment the industry needs," said one industry chief yesterday. The privatised anthorities, together with the 29 statutory

bargaining procedures.
 Aslef, the train drivers'

offer worth about 9 per cent.

ambulance staff meet tomor-

Negotiators for 19,000 four

ent cannot be estimated accurately, such as environmental improvements sought by the EC, or the introduction of metering in place of charges based on rateable values.

This will allow authorities to

Once the K factors are agreed, there will be s capital restructuring of the authorities' balance-sheets to make them as attractive to investors as possible. Vesting Day, when the authorities will become Government-owned PLCs is September 1, and flotation will be on November 22. the amount to be spent on the clean-up programmes. Ministers are insisting the K figure should be no more than 3 to 5 per cent above inflation, whereas the industry believes

What is alarming the indus-try is that the estimated cost of that a range of from 5 to 10 per cent would be much more realmeeting the BC's environmen-tal programme far exceeds the original calculation of up to The outcome is likely to be a relatively low K factor, but with the companies allowed to 26bn. Water chiefs now believe the costs will amount to £12bn to £15bn, which will ultimately have to be paid for by the con-

Scitex tries to halt agreed sale of Crosfield

By Clare Peerson

union is today expected to reject a London Underground package aimed at settling the tube dispute and the NUR is SCITEX, the Isreel-based company which is 27 per cent owned by Mr Robert Maxwell, is hattling on with an attempt to halt the agreed sale of Croslikely to do the same later m the week. A one-day the strike is planned for Wednesfield Electronics, the printing technology subsidiary of De La Rue, the bank note printer, by Nalgo will tomorrow announce the result of an industrial action ballot among saying it is prepared to effer between £255m and £255m for 20,000 white collar workers in the water industry over a pay the husiness.

Such an offer would be at least £20m higher than the price at which De La Rne, which had earlier rebuffed an approach from Scitex, last week agreed to sell the business to Da Pont, the US chemi-cals conglomerate, and Fuji Photo Film. Scitex said it was thinking

about an after in this price range in a letter to De La Rue, aimed at pressurising the comholders' meeting, scheduled for August 3, to spprove the Crostields sale.

Crossheids sale. Scitex has 6.1 per cent of De La Rue shares, while through his other interests Mr Maxwell has another 15 per cent. A spokesman for Scitex said yesterday: "De La Rue is try-ing to rush through the deal to frustrate a hone fide alterna. rustrate a bo tive offer." Development Minister, were But De La Rue immediately said to be the key to the changes. in parallel, Mr Ken-neth Baker, the Education Secsaid it would continue to rule out giving consideration to an offer from Scitex nuless that retary, was said by close col-leagues to be confident that his company could supply support for its claim that there would be no anti-trust problems if it presentational skills would be rewarded with the post of Conmerged with Crosfield. servative Party chairman. The top three members of Mr Jim Salmon, deputy chief executive, said yesterday: "We need to see a letter from their the Government - Sir Geoffrey Howe at the Foreign Office, Mr Nigel Lawson st the Treasury and Mr Douglas Hurd at the lawyers saying there are no anti-trust difficulties. Until then, we are not prepared to expose sensitive, detailed information to a competitor." Home Office - all expect to But ministers were predict-ing that the changes below those three posts, in the middle

for record overseas sales' **By Alice Rawsthom** THE WOOL textile industry most successful export sectors. Last year the strength of ster-

achieved last year.

Wool textiles 'on target

experienced a rapid growth in exports in the early part of the year, helping to compensate for its sluggish domestic market. The latest statistics from the

National Wool Textile Export Corporation show that the value of wool textile exports rose to £290.9m in the first five months of the year - an increase of 13.5 per cent on the same period last year.

Since the recession of the early 1980s, the industry -based in Yorkshire and the Scottish Borders - has concentrated on the more expensive products that are most suitable for exports.

have due

Drop in new engineering orders By Nick Garnett

SALES SECURED by companies in the UK's combined engineering industries, which include electronics, ling made exporting much mechanical engineering and more difficult towards the end of the year. The rate of export growth vehicle building, failed to show any growth in the three months to May.

has slowed since the beginning of the year, but Mr Geoffrey Richardson, director of the cor-New orders declined during the same period, according to figures published in the latest poration, is confident that the Department of Industry trends industry will muster record survey,

overseas sales of almost £700m - well ahead of the £613m A small rise in the home market was offset by falling exports compared with the pre-The buoyant export market ious three months.

is opportune for the industry, with difficulties in the home New orders for the three months to May fell by more than 8 per cent, though orders on the books of companies dur-ing the period were 2.5 per cent market. The uncertain conaumer apending outlook and sharp incresses in imports higher than in the previous picture.

quarter. Compared with the same three month period last year, sales were 6 per cent higher while new orders were up 7 per cent. se latest figures appear

to indicate a stalling in the growth that was recorded by most engineering-ralated

most engineering-raiated industries during last year. In metal goods, mechanical engineering, motor vehicles and other transport equipment, production indices for the past few months were either the same or slightly below those at the beginning of the year. Only in electrical and instrument engineering were the indices noticeably higher.

The latest indicators still do

considered the front runner for

one of the remaining licences. BT and Racal Telecom have been prevented from applying

because they run the existing

cellular networks. That leaves

STC as the remaining British company with significant tele-communications interests.

Absent from the consortia

are telecommunications com-

paniaa from continental

Europe. The Government is

keen that there should be strong European participation to ensure that the new system

is eventually edopted through-

looking for additional partners, so it is likely that European companies will end up being involved. Siemens of West Ger-many and Ericsson of Sweden

are mentioned as possible can-

Mr John De Feo, chief execu-tive of US West New Vector,

the American company'a mobile communications subsid-

iary, confirmed the link-up with STC. STC refused to com-

BP will move its

headquarters to

Finsbury Circus

All three consortia are

out the region.

didates.

ment

Sales secured by mechanical engineering companies slid by 3.5 per cent in the three months to May, compared with the previous three months.

a rise of more than 20 per cent from the British domestic mar-

down.

month, one per cent higher

Union of Railwaymen. It said a series of meetings with NUR members was sbowit is still only marginally above ing "hefty support" for a return to work. The union countered that meetings it had what it was in 1979, measured arranged indicated the strike would be fully supported. The rail strike is one of sev

putes where significant devel-strike, entering its third week,

about 530 dockers in Sonth-ampton are due to meet this morning to decide whether to Local euthorities are

ambulance start meet unfor-row to discuss a recommenda-tion by Nupe, the largest of four unions representing the workers, to hold a ballot on industrial action. This follows rejection of a a 6.5 per cent pay offer. offer. • There were hopes last night of progress in talks at Acas on the British Broadcast-ing Corporation dispute after discussions continued into the early evening. expected today to ask Acas, the conciliation service, to arrange talks with Nalgo, the local gov-ernment union whose white collar members have been striking over pay and collective

In electrical and instrument engineering, though, sales were up 4 per cent in the three

Total engineering sales in the three months to May, sea-sonally adjusted, are estimated to have averaged £5.4bn per

Duncan Bluck: "proper planning must begin nnw"

Tourism 'at

transport'

By David Churchill

warned.

risk from bad

On publication of the the

board's annual report, Mr Duncan Bluck, chairman, said that "England's attractiveness

depends on many major trans-port issues being tackled effec-tively."

He singled nnt two key

issues - the transport infra-structure for the Channel tun-nel and the lack of adequate parking for tourist coaches in London.

"I arge the Transport Secre-

reshuffle expected

eral industrial relations dis-

New orders, though, were up 13 per cent, mainly because of

months to May while new orders were substantially

Sweeping UK cabinet

AS a result. Wool to emerged as one of the UK's output and profitability.

Financial

adviser for

By Andrew Taylor,

Construction

Correspondent

don City Airport.

ments.

The airport is owned by Mowlem, the construction

group, which is in dispute with

the corporation over plans to

modify aircraft noise agree-

Mowlem is seeking permis-

sion to extend its runway to allow a jet aircraft, the British

vious quarter.

By Phillp Stephens, Political Editor

MRS Margaret Thatcher, the UK Prime Minister, will today unveil sweeping ministerial changes in a cabinet reshuffle designed to refurbish the Government's image and to halt its recent slide in the opinion

The resbuffle, which the Prime Minister will announce after a series of meetings with individual ministers throughout the day, will bring to prom-

Ministers said last night that Mrs Thatcher wanted to focus on bringing a fresh approach to policies in departments such the Environment and Trans-port, and on preparing the and lower ranks, would be more sweeping than previously thought likely. That was taken as s firm indication that Mr Nicholas Ridley would be moved from for the next election. As she finalised her plans

yesterday, promotions for Mr John Major, the Chief Secre-tary to the Treasury, and for Mr Chris Patten, the Overseas his present post as Environ-ment Secretary, probably to the Department of Trade and Industry.

Cambridge to develop THE GOVERNMENT'S failure to improve transport facilities may jeopardise the growth of buoyant tourist industries, the private telecom network English Tourist Board has

By David Thomas Education Correspondent

CAMBRIDGE University is about to get a special licence from the Department of Trade the surrounding area. The cost is estimated at £3m. and Industry which will allow it to lay a private communicaexcluding the cost of equip-ment within departments and colleges which will be added as tions network through the

tions network through the medieval centre of Cambridge. The university proposes to use the latest optical fibre tech-nology to link about 70 sites, including all the University's colleges and departments, and possibly companies on the Uni-versity's pioneering science park cotside the town

park ootside the town. The University is consider-ing building the network with

Scheme to stem skills shortage

need arises.

same time.

networks in Cambridge at the

ment.

its intake within two years,

Left-wing union challenges TUC By Charles Leadbeater, Labour Editor

THE Trades Union Congress' proposals to alter the member-ship of its ruling general coun-cil will be challenged at this September's TUC Congress by a gronp of large left-wing Unions, in a move which could provoke a bitter confrontation over the issue. over the issue. Union leeders helieve the

debate over the general coun-cil's membership and political balance will take on an added

balance will take on an added significance in the run up to the next general election, with the improvement in the oppo-aition Labour Party's showing in the opinion polls. The move to challenge the TUC's proposals, which were drawn up by Mr Norman Wil-lis, its general secretary, will be led by Nalgo, the local gov-ernment union. It will be sup-ported by the TGWU general workers union, Nupe, the pub-lic service union and MSF, the general technical union. The university believes it could fund the £3m internally, hnt a link with Cambridge Cable would help to meet part of that cost, since both organi-sations will be building their general technical union.

Over the next six weeks, these unions will seek the sup-port of other unions such as the NUR, rail union, the NGA and Sogat, the print unions, and the NCU, the main union

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and the NCU, the main union at British Telecom. If these unions support the Nalgo motion, they could defeat the TUC's proposals, which the large left-wing process have critical for unions have criticised for the value of the v

Willis' proposals fail to repond to the need for the general council's membership to be representative.

Despite his proposal that the number of seats reserved for women should be doubled to 12, the plans would still unduly favour small unions, those with fewer than 100,000 members, at the expense of larger uninns, the Nalgo motion says.

US West joins STC to bid for mobile phone system licence **City** airport By Hugo Dixon

US West is significant because STC is one of the few attractive

British partners not already spoken for. For political rea-

The involvement of US West

dynamic telecommunications

market, so expertise in operat-ing there is considered valu-

able to any application. Two other main British-led

consortia have teamed with US

companies. Mercury Communi-cations, the only rival to BT for mainstream telecommuni-cations, is making a bid with Motorola, the large US mobile communications manufacturer.

It has been promised a licence

by the Government. Meanwhile, General Electric

Company and Plessey have joined forces with BellSonth, another US regional telephone

company. This consortium is

STC, the UK electronics group, is teaming up with US West, one of seven regional Ameri-MR WILLIAM SHAW, former can telephone operators, to bid finance director of BAA, has been appointed by London for one of Britain's new per-sonal communicationa Docklands Development Corpo-ration to help to resolve prob-lems at the loss-making Lonlicences.

sons, it is generally accepted that a UK company would have to head any licence appli-The new group is likely to be joined by Amstrad, the UK concation. confirms that American com-panies will be a major feature of the personal communica-tions scene. The US is the sumer, electronics and com-puter group, which is talking to STC abont handling the marketing. Personal communications world's largest and most

networks, the next generation of mobile phone systems, are designed to compete with existing cellular radio networks and with British Telecom's main-stream fixed network.

nies from across the world have been flocking into Lon-don in recent weeks to try to form consortia to win a licence.

By Our Financiai Staff

A BUMPER half-year for the investment portfolios of UK

The link between STC and

Aerospace 146, to use the airport. Mr Shaw, a former finance director of De La Rue, the secu-The Government's promise to license two or three of these operators by the end of the rities printing group, led the financial team which organised the privatisation of BAA, the year has excited immense interest because the franchises are expected to become then Britisb Airports Anthormoney spinners. Telecommunications compa-

ity. in 1987. He has been appointed hy the corporation to give advice on ways of making London City Airport more viable.

The airport laat year incurred an operating loss of £4.8m, worsened by the temporary suspension of flights to Paris because of air traffic control problems which have since been resolved. One of Mr Shaw's tasks will

be to advise on communications to the airport from central London, which are difficult and have hampered its development.

Mowlem says it needs to extend the noise agreement, which limits the number of flights a day, to obtain the best use of the BAe 146, which carries more passengers and has a greater range than the turboprop Dasb 7 currently using the airport.

The corporation, which is under atrong pressure from the Government to encourage more housing in Docklands, is reluctant to relax the noise agreement which links the level of noise with the number of flights.

Mowlem says that without a modification of the agreement it would have to cut the potential number of flights by the BAe 146 to about 40 a day, compared with up to 120 flights a day by the Dash 7

occupational pension schemes has been reported by the WM Company, which specialises in the best performing asset cate-gory was UK equities, where the rate of return was 21.6 per pension fund performance cent. Overseas equities returned 20.5 per cent and UK property returned an estimated measurement A total investment return of 17.1 per cent, including price appreciation and investment 10.6 per cent. income, is estimated for the In overseas equities, which 2200bn-plus sector in the six months to the end of June.

Pension portfolios enjoy

bumper half-year returns

now account for some 18 per cent of the typical portfolio, fund managers were right dur-ing this period to hava Excluding property (some 8.3 per cent of the typical portfo-lio), the figure is 18 per cent. Such returns will further weighted their funds towards the US and continental Europe strengthen the funding posirather than Japan. US equities returned 36.1 per cent to the sterling investor; Japanese tion of pension schemes, although the growth of employee earnings - to which liabilities are normally hinked stocks a meagre 4.4 per cent. Pension funds devoted 75.7 - has been accelerating. The per cent of their assets to UK and overseas equities last March, WM reports, but their investment in fixed interest

renewed surge in values will tend to counteract recent attempts by the trustees of many pension schemes to shed surplus assets - by granting bonds dropped sharply to just 7.9 per cent of the total.

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By Paul Cheeseright contribution holidays to com

المتفقية المراجع والمتحد ومصادر سيرابي المته

BRITISH PETROLEUM, the panies, for example. Between January and June international oil group, is mov-ing from its City of London headquarters back to a build-ing it and Burmah Oil occupied

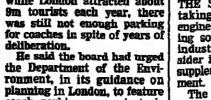
more than 20 years ago. It has announced that it is taking a 25-year lease on what is now called Lutyens House in Finsbury Circus, where Greycoat, the property company, has been redeveloping the building behind its old facade.

to Greycoat, noted the matter had not passed into solicitors' hands. Negotiations have been taking place for six months. BP's present headquarters, Britannic House on Moorfields, will be redeveloped.

while London attracted about deliberation. The terms of the lease have

not been disclosed but BP is likely to be paying around 555 a sq ft for the 200,000 sq ft building.

But no deal has been signed. Baker Harris Saunders, adviser



He said the board had urged

planning in London, to feature coach parking as a strategic transport issue. The board's report shows

that tourism in England had a record year, with spending by tourists from the UK and overseas np by 5 per cent last year

to £11.8bn. The rise was largely due to more Britons taking holidays in England

ing some of Britain's biggest industrial companies to consider introducing special pay supplements to boost recruit-

recruit for engineering courses

school leavers without mathematics and physics A levels, once a virtual requirement.

ding processing companies, is considering a skills supple-ment for engineering graduates with certain types of training.

THE SHORTAGE of students taking graduate courses in engineering is worsening, forc-

The shortage of students neers they need. BAe said yes-terday that its salary rates had willing to study engineering and then take jobs in manufacbecome competitive.

Universities complain that soma large manufacturers, including BAe do not pay enongh to recruit the engi-

turing has increased sharply over the last year or two. Many universities have begun to

Some large companies, like GEC and BAe do not have out-

standing records in retaining graduates. BAe, which recruits about 950 graduates a year has tended to lose about a half of

Britisb Aerospace, the UK's largest manufacturer, exclu-

must begin now. **By Nick Garnett** Mr Blnck also said that

tary to do all in his power to ensure that the 15m travellers using the Channel tunnel will have swift and easy access to the whole country, whether by road or rail," he said. "Invest-mant and proper planning

polls.

inence some of the brightest among the younger generation of in the present team.

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SETTLEMENT OF TAKE-OVER PANEL ISSUES ARISING FROM THE DISTILLERS ACQUISITION.

This announcement sets out the arrangements for implementing the ruling of the Panel on Take-overs and Mergers on the take-over of The Distillers Company plc ("Distillers"). Guinness PLC is to pay certain former Distillers shareholders an extra sum for their shares so that they will receive total proceeds equivalent to 731p per Distillers share or 335.4p per Guinness share.

There is set out (below) a claim form together with terms and conditions and instructions for completing the form.

A claim form should be submitted, by no later than 14 January 1990,

You owned shares in Distillers on 15 April 1986 and sold those shares on or before 21 August 1986 for less than 731p per share;

OR

IF:

You owned shares in Distillers on 15 April 1986 and accepted the Guinness offer of Guinness ordinary shares for Distillers shares and sold the Guinness ordinary shares received on or before 21 August 1986 for less than 335.4p per share; OR

You owned shares in Distillers on 15 April 1986 and accepted the Guinness offer of cash for your Distillers shares. (If the cash offer was accepted a claim form will have been sent to the person named on the Guinness Form of Acceptance.) For the purposes of the claim you must have owned your Distillers shares at the opening of business on 15 April payment in respect of any later sale of these securities.

4.

Interest will be calculated at the rate of ten per cent per annum and will be paid net of tax on the principal amount of valid claims (1-3 above) up to the date of payment and from, in the case of those who accepted the cash alternative, the date when they received their cash consideration and, in the case of the others, 21 August 1986.

NOTES:-

(i) The price of 731p represents the highest price paid by Guinness or any of its concert parties for Distillers shares during the relevant period under the City Code on Take-overs and Mergers.

(ii) The price of 335.4p represents the notional price which a Guinness ordinary share would have needed to reach in order that the basic Guinness offer (5 new Guinness ordinary shares and 516p in cash for every 3 Distillers shares) would have been worth 731p.

(iii) 21 August 1986 was the first day of the earliest period during which former Distillers shareholders had a reasonable opportunity to sell Guinness ordinary shares received under the offer for a price in excess of 335.4p per ordinary share.

TERMS AND CONDITIONS

A. A claim form should be submitted, by no later than 14 January 1990, only if:-

You owned shares in Distillers on 15 April 1986 and sold those shares on or before 21 August 1986; OR

You owned shares in Distillers on 15 April 1986 and accepted the Guinness offer of Guinness ordinary shares for Distillers shares and sold the Guinness ordinary shares received on or before 21 August 1986; OR

You owned shares in Distillers on 15 April 1986 and accepted the Guinness offer of cash for your Distillers shares. (If the cash offer was accepted a claim form will have been sent to the person named on the Guinness Form of Acceptance.) For the porposes of the claim you must have owned your Distillers shares at the opening of business on 15 April 1986.

B. Claims should not be submitted if:-Your Guinness ordinary shares were acquired other than by acceptance of the Guinness offer,

Your Guinness ordinary shares were acquired by acceptance of the Guinness offer but in respect of Distillers shares acquired on or after 15 April 1986; (c) the Registered Holder was oot acting in concert with Guinness in connection with the takeover of Distillers; and (d) so far as the Registered Holder is aware the Claimant is the person entitled to make a claim in respect of the shares referred to in the form.

H. These terms and conditions and the claim form are designed for ordinary investors in Guinness ordinary shares and/or Distillers shares. Professionals engaged in the securities markets, whether as market makers, stock lenders or borrowers, or otherwise, should make individual applications to the Distillers Claims Administrator for notification of the special rules which govern their position.

INSTRUCTIONS FOR COMPLETING CLAIM FORM

If you have any doubts as to the action you should rake, please consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The paragraph numbers for the instructions below correspond to the Boxes on the claim form. Insert "Not Applicable" in any boxes which do not apply to your application.

1. Complete Box 1 with your full name and address in BLOCK CAPITALS. This is the address which will be used for all correspondence.

2. Enter the names of any other Joint Claimants in Box 2. Payments will be made to the Claimant unless an alternative payee is named in Box 4. If there are Joint Claimants each must sign the form.

3. Enter in Box 3 the name and address of the Registered Holder of your Distillers shares if your shares were held in another name at 15 April 1986 or if your name or your address has changed since 15 April 1986. If your name has changed you should attach proof of your name change e.g. marriage certificate or deed poll. If you were not the person named on your Distillers shares the Registered Holder should provide proof of your entitlement by signing this form or an accompanying letter. If relevant, a power of attorney or probate or letters of administration should be produced. If the Registered Holder was a Nominee enter the name and address of the Nominee.

4. Should you require any payment to be made to anybody other than the Claimant in Box 1, insert their full name and address in BLOCK CAPITALS in Box 4. If not, insert "Not Applicable" before signing the claim form.

5. A separate claim form must be completed for each different named holding (registered holding) of Distillers shares held at 15 April 1986. Enter in Box 5 the number of claims you are making including this claim.

6. Enter in Box 6 the number of Distillers shares owned at 15 April 1986 for the registered holding covered by this claim.

7. All registered holdings will be checked against the Distillers Share Register to ensure claimants were bona fide owners of Distillers shares on 15 April 1986. To facilitate processing of your claim you should provide proof of ownership of your Distillers shares by attaching any of the following documents:

7

contract note

brokers statement
 tax voucher

Enter a rick in Box 7 under the document types you are arraching for proof of ownership.

If your holding was purchased just prior to 15 April 1986 and you were not registered as the holder at 15 April 1986, it is essential you attach a copy of the contract note for the share purchase (see footnote).

8. If you did not accept the Guinness offer but sold your Distillers shates between 15 April 1986 and 21 August 1986, both dates inclusive, enter in Box 8 details of each sale. You should complete a separare listing if you sold your Distillers thares in more than two sales. Attach contract notes for each share sale (see footnote). Distillers shares sold on 14 April by way of early bargain for 15 April will not fall within this claim.

9. The offers made by Guinness (for every 3 Distillers shares) were:

- i. 5 new Guinness ordinary shares and 516p in cash ii. 5 new Guinness ordinary shares and 5.16 new
- Guinness convertible preference shares iii, \$13,75 in cash and 5.16 new Guinness convertible
- preference shares iv. £18.91
- v. Approximately 6.876 new Guinness ordinary shares

If you accepted the Guinness offer, or had your Distillers shares acquired from you, for the purposes of this claim enter in Box 9 in respect of "Distillers shares for Guinness ordinary shares" the total number of Distillers shares applied to offers i., ii, and v. above, and in respect of "Distillers shares for cash only" the rotal number of Distillers shares applied to offers iii, and iv. above. The total number of shares in Box 9 and Box 8 should nor exceed the number of shares in Box 6.

(Note: the claim will be processed in terms of 5 Guinness shares for every 3 Distillers shares applied to offers i., ii. and v., and those who received additional ordinary shares or convertible preference shares in lieu of the cash element or any part thereof of these offers are not enotled to any additional payment in respect of those additional shares).

10. If you accepted the Guinness offer, and received Guinness ordinary shares which you sold on or before 21 August 1986, enter in Box 10 the details of each sale. You should complete a separate listing if you sold yout shares in more than two sales. Attach contract notes for each sale (see footnote).

11. In signing the form as Claimant ot countersigning as Registered Holder you should ensure that you are complying with paragraphs F and G of the Terms and Conditions.

Footnote: If you do not hold the contract note yourself, you should contact your broker and request a copy be sent to you.

If you wish to raise any queries regarding your claim or your entitlement to claim you should write to the Distillers Claims Administrator at the address below.

Claims should be sent to: Deloitte Haskins & Sells – Distillers Claims Administrator, Suite C, International House, Ealing Broadway Ceotre, 7 High Street, London W5 5DB Telephone: 01-566 2266.

Ref

1986.

The amount to be paid to claimants is calculated as follows:-

1. Former Distillers shareholders who accepted the Guinness cash alternative of 630.3p per Distillers share will receive 100.7p per Distillers share, being the difference between 630.3p and 731p.

- 2.
- Former Distillers shareholders who owned Distillers shares on 15 April 1986 and who sold some or all of those Distillers shares between 15 April 1986 and 21 August 1986 at a price of less than 731p per share will receive the difference between their sale price and 731p per share.
- 3.

Former Distillers shareholders who owned Distillers shares on 15 April 1986 and who (i) accepted the basic Guinness offer of 5 new Guinness ordinary shares and 516p in cash for every 3 Distillers shares; and (ii) sold some or all of those Guinness ordinary shares between 15 April 1986 and 21 August 1986 at a price of less than 335.4p per ordinary share will receive the difference between their sale price and 335.4p per ordinary share.

Claimants falling within this category who elected to receive either Guinness convertible preference shares or additional Guinness ordinary units in lieu of the cash element of 516p are not entitled to any Your Distillers shares were acquired on or after 15 April 1986 (including; for this purpose, Distillers shares sold short and covered by purchases made on or after 15 April 1986); OR

Your Distillers shares were sold on 14 April 1986 by way of "early bargains" for 15 April 1986.

C. If you were a beneficial owner of Distillers shares on 15 April 1986 and the shares were registered in the name of a comince then you should complete and sign the form and send it to your Custodian Agent or Nominee. They will verify that you were the beneficial owner of the shares, and submit your confirmed claim to the Claims Administrator. Payments will only then be made to beneficial owners by the Claims Administrator.

D. If you are a Custodian Agent or Nominee and held Distillers shares on behalf of your dient(s) on 15 April 1986, you should submit claim forms on your clients' behalf for each nominee holding. You should attach to the claim forms a listing of the beneficial owners, detailing the number of Distillers shares attributable to each beneficial owner and the oumber of Distillers shares applied to each of the Guinness offers accepted. You should also support the claim with individual claim forms signed by each beneficial owner providing where appropriate details of any alternative payees and confirming their entitlement and acceptance of these terms and conditions. The beneficial owners' individual claim forms must also be signed by the Nominee as the Registered Holder. Claim forms and further details relating to the submission and processing of Nominee claims can be obtained from the Claims Administrator.

E. Where responsibility for a holding was subject to a Discretionary Investment Management Agreement the claim may be made either by the beneficial owner or by the Discretionary Investment Manager. If the claim is made by the Discretionary Investment Manager it must be accompanied by a Discretionary Investment Management Agreement signed and dated before 15 April 1986.

F. Each Claimant, being the relevant beneficial owner, must sign the form and by signing agrees and warrants to Guinness that:

 (a) the information contained in the form and any other documentation relating to the claim is true, accurate and complete and is not misleading and the Claimant is properly entitled to make the claim;

(b) the Claimant will provide such other information and documents as may be required;

(c) the Claimant was not acting in concert with Guinness in connection with the takeover of Distillers;

(d) payment in respect of the claim is in full and final sertlement of any claim the Claimaot may have as a former Distillers shareholder arising out of the failure by the Claimant to receive a higher cash offer as a result of the breaches of Rule 11 of the City Code on Take-overs and Mergers considered by the Panel on Take-overs and Mergers on 12 and 20 April 1989;

(c) if the information contained or warranted in the form is not accurate and complete or is misleading or the Claimanr is not properly entitled to make the claim then the Claimant will repay any amount paid in respect of the claim and will indemnify Guinness against any relevant costs and expenses.

Note: Any Claimant who is in doubt as to the consequences of agreeing to this paragraph should take legal advice.

G. Each Registered Holder must sign the form and by signing agrees and warrants to Guinness that:

(a) so far as the Registered Holder is aware the information contained or warranted in the form and any other document relating to the claim is true, accurate and complete;
 (b) the Registered Holder will provide such other information and documents as may be required;

DISTILLERS CLAIM FORM

Before completing this form, please read carefully the accompanying guidance nores, terms and conditions and instructions which are incorporated into and form part of this form. Note that the paragraph numbers on the instructions relate to the numbered boxes below. If you have any doubts as to the action you should take, please consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. PLEASE USE BLOCK CAPITALS

	Aiss or Title		Surname	
Forenames	-			
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				Postcode
. Other Join	t Claimants			1
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. Registered	Holder (if not Claiman	t)		
Surname		I	orenames	
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Payee (if o	ot Claimant)			
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	ber of Claims f Distillers shares owned	on 15 April 1986		
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UK NEWS

Water supply is restored to 500,000 homes

By Keyin Brown

THE WATER crisis began to ease yesterday as normal supplies were restored to 500,000 Londoo homes

More than 100,000 bomes in south-east London have been without water for up to five days, and another 400,000 received supplies intermittently.

The shortages came after an increase in demand of up to 50 per cent caused by the recent heatwave and disruption caused by an infestation of lar-vae at a large London treat-ment works

ment works. Mr John Budd, a Thames Water Authority manager, said normal supplies were restored to 140,000 customers yesterday and he forecast that most areas would be back to normal today.

"We are now optimistic that almost all those affected will be back to normal supply by midnight tonight although there may still be soms local-ised problems while air locks clear from the system," he said yesterday. "1 must stress, however, that

water used for drinking in the affected supply areas should be hoiled until we are satisfied that any sediment in the pipes has cleared."

The cut in supplies caused widespread criticism of the authority hy consumers, many of whom had seen television commercials promoting the industry's efficiency as part of the run-op to privatisation. Mr Peter Jacques, Thames

Water's customer servicea manager, said a large number

By Our Political Editor

A CALL for the Labour Party

to act quickly to reduce the power of the trades unions at

its annual conferences is

issued today in a study pub-lished by the Fabian Society. The study says that recent union mergers have increased

the authority of a small num-her of the largest unions in

In 1987, the four top unions

had between them a total of 3.46m votes, well above the 3.2m peeded for a majority and

Labour's policymaking.

Labour urged to cut

of people had heen "very angry" about the interruption versy over the large pay rises awarded this year to senior to supplies. Some had complained to the

industrialists by letting it be known that she believes they authority that they were not being given snongh information, while others said the are "totally unjustified." nearest tank was too far away, Mrs Margaret Thatcher's views, indicated over the Mr Jacques said. The London Weather Centre weekend hy Downing Street,

the second second second

Thatcher

over pay

By Philip Stephens, Political Editor

Mr Nigel Lawson, the Chan-

workforces. In particular, she is understood to be dismayed by the pay increase of 116 per cent announced this month for

joins outcry

reflect mounting concern said there was little hope of an imminent end to the hot spell, which was forecast to continue within the Government that directors of big British compa-nles are undermining attempts for at least another week, and that it was unlikely that thun-derstorms, forecast for some areas last night, would signifito prevent inflationary pay awards among their employcantly ease the situation.

cellor, who last year cut the top rate of income tax from 69 High pressure has brought thunderstorms to some areas over the last two days. Lincolper cent to 40 per cent, is among a number of senior ministers whn have vniced nshire had slightly less than half an inch, and Kent a fifth of an inch. "As far as alleviatauger at wage awards of 50 per cent and above for senior directors. ing the water shortage, I shouldn't think thia did Mrs Thatcher was said yes-tarday to believe that directors should set an example to their

much," the centre said. The Water Authorities' Association said water stocks in England and Wales were more than satisfactory, and there was little chance of national shortages if customers continued to treat supplies wisely. However, restrictions on

Lord King, the chairman of the privatised British Airways. Lord King has publicly defended his increase, but the view among senior ministers is that he, and other senior executives, should have taken a much smaller rise water use remain in several areas. Hosepipe bans are operating in areas covered by South West Water, Welsh Water and parts of Southern Water, Thames Water, and Sev-ern Treut Water. Yorkshire Water has appealed to customa much smaller rise. The Government's concern about the possibly of an infla-

ers to reduce consumption or face restrictions. Farmers are forecasting

The Fablan Society pam-phlet, written by Mr Tom Wil-son and Mr Martin Upham -

hoth of whom have strnng

links with the unions - rejects the idea that the block vote sbould he abolished. That

higher potato prices. Weather forecast, Page 20

N THE middle of farmland in the heart of Surrey. for directors there is a new, high-tech enterprise: satellite dish aerials are being assembled, packaged and dsspatched round the country.

About 150 miles away, in south Norfolk, there is a simi-THE Prime Minister has entered the growing controlar development on the edge of a tiny village: bere imported meat is being cut and packaged for far-away supermarket

What the two developments have in common - apart from nuisance value for the locals as heavy trucks trundle back and forth through quiet lanes - is their location in former farm buildings. The Surrey aerial factory is housed in 10-year-old, steel-frame buildings, used originally for livestock. The meat plant uses a ramshackla collection of barns in what was ouce a farmyard. Both have

erpanded rapidly and may be harbingers of things to come In a little publicised move last May, the Government published proposals to encourage further non-agricultural uses

of farm huildings and open farmland. At the centre of a consultation paper was a proposal to "ease tha burden of planning controls on farmers and others, who seek alternative uses for surplus agricultural land and buildings.

Specifically, the Department of the Environment proposes to alter tha existing so-called permitted use rights, which exempt most agricultural buildings from planning permission, hy extending that exemption to a wide range of farm recession." new activities.

includes farm holidays and pony trekking, as well as "equestrian centres and clubs, camping and caravanning, farm shops, craft manufacture, repair and renovation of machinery, country, theme and amosement parks zoos and safari parks" and a wide range of sports, including "flying, ballooning and parachuting," and "catering facilities in association with any of the above." Not surprisingly, the propos-als have provoked sharply differing responses in the short consultative period which for-mally ended last month. They have been welcomed by farm-ers' and landowners' organisa-tions - Mr Gordon Lee-Steere, meriodet of the County Land president of the Country Land-owners' Association, greeted them as "a major break-through in the fight against

The list of new activities

Others - such as the independent Council for the Protec-

tion of Rural England - are less sure. If the proposals become law, they will pose the most serious threat to the countryside today, said Tony Burton, a spokesman for CPRE.

lanners fear that haphazard development will mar rolling country views

Industry begins to sprout in farm buildings

Mr Stephen Thwaites and Mr Michael Haslam, in charge of planning in Waverley Borough Council, in Surrey, and in South Norfolk District Council respectively, are well-placed to appreciate the existing pres-sures for development in the countryside. Both are fearful of the changes which the propos-als could bring. For Mr Thwaites, the aerial

assembly plant "goes to the beart of the issue," as an exam-ple of what could happen much more frequently if planning controls were eased: the plant was established without planning permission, and is cur-rently the subject of enforcement action.

Bridget Bloom finds mixed views on proposals to relax countryside planning controls tries seek to establish themselves in a more congenial

rural environment. The principal threat to the countryside today is identified by both as coming from the smaller landowner or developer on the village or urban fringe, rather than from the larger estates or "gentleman farmer," whose comparative wsalth and interest inclines them towards countryside protection.

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They fear an increase in hap-hazard development, whether It is in existing - often ugly farm huildings, or on open farmland where, for example, farmers strapped for cash sell off small parcels of land and if shall parcels of land and off small parcels of land and developers, or others boping ultimately to huild residential accommodation, start in a small way raising geese or keeping horses and thus, says Mr Haslam, "ensure a prolifer-ation of wooden shacks, tin hothe and thirtles to mar the

committee see the south Nor-

folk meat plant as an object lesson of a different sort. Plan-ning permission was given

some years ago for what local councillors believed would be more akin to a village hutch-er's shop than the hig plant

Ignations offer considerable

pressure for development, as

and other forecasters that much "trade diversion" -exports rising and imports fall-

ing as home demand slackens

- will take place. It has a fundamentally more

pessimistic view of UK trade performance, believing that the

UK suffers a structural trade problem. "If the UK produces a

different range of products than these which we import -which seems to be the case -

then a slowdown in domestic demand in itself bas limited

sbort-term relevanca for exports," it says. • Optimism among British

businessmen has fallen sharpiy, with sales and profits

under pressure, according to snrvey of 1,000 businessmen

conducted by Dun & Bradstreet

International, the business

sector, where optimism for sales has fallen 34 points to 25

points and profits 16 points to

35 points between the second

and third quarters of this year.

Mr Valery Kurochkin, chief

Hardest hit is the retailing

information company.

that has developed.

baths, and thistles to mar the rolling country views." Both planners insist that

their councils are not against development by farmers reck-oning that at least 80 per cent Although their districts are different, the two men's conceros over the future of the countryside are remarkably similar. Waverley, part of the of legitimate applications for farm diversification today are approved. Nor are they sentistockbroker-commuter belt of the rich south-east, is 75 per cent metropolitan green helt and also has areas of outstand-ing natural beauty - both des-heatings of considerable mental about the countryside, feeling that it must evolve and change.

However, as Mr Thwaites put it, present demands for development are such that "we protection from development. The best south Norfolk has is a sliver of tha Broads national are sitting nn a pressnrecooker. Lift the lid even a littla However, hoth areas are already experiencing great and what you'll get will be one heck of a lot of steam. The trouble is that the countryside is a very fragile resource. Once you've 'developed' it, it's very difficult to claim it back."

agriculture declines in impor-tance and people and indus-Mr Haslam and his planning

Forecasters see deficit continuing

unions' voting power by Our Political Editor

political valuerability on the issue, with the Labour Party already capitalising an what it sees as intense public irritation with large pay deals for

would reduce the representation in the party of working people and remove an element spokeeman, produced a lengthy list of recent pay rises for senior executives which of democracy, they say. The pamphlet puts forward suggestions for reform. They include reducing the unions' voting strength from 90 to 75 showed that many had received post-tax increases

300 per cent.

problems in early 1991 as it

Warburg believes the UK's non-oil economy will grow by 3.6 per cent this year and by a further 2.6 per cent in 1990. Manufacturing output will remain hnoyant and an increased proportion of it will

optimistic outlook for growth, the UK securities house sees the British economy. con-strained by a large current

FROM the view point of monetary policy, the rise in City institutions' liquidity as a result of bank-funded company takeovers is worrying because it could fuel asset-price inflation, according to Greenwell Montagu. Higher levels of cash held by

institutions can be dispersed only hy bidding company

Warburg has raised its end-

require some inflationary lee-way, and assoming Mrs Thatcher wants the option of calling an election from mid-1991, Mr Lawson has roughly 18 months or so to secure it."

shares off private individuals or foreign investors. "The impulse to go on buying stock is likely to remain and to spread into other markets, including property and overseas assets (which would tend to put pressure on the exchange rate), serving to undermine counter-inflation-ary policy," it says.

round of industrial unrest and pay demands does not lead to a 1970s-style "wage-price spiral," that sterling remains broadly stable, depreciating by only 5 per cent over the next 18 months; and that UK industry will tolerate a squeeze on profit

Subsidiary of GM will run ministry systems unit

By Terry Dodsworth, Industrial Editur

THE DEPARTMENT of Social Security has decided to privatise part of its rapidlyexpanding computing operations by hiring EDS, the US-owned computing services group, to operate one of its new computer centres. EDS, owned by General

Motors, the world's largest car company, is to operate the unit at Livingston, Scotland, under

a five-year contract. About 100 jobs are expected

which will handle the payment

of income support and pension

claims in Scotland and the

torth of England. Eventually, two more cen-tres will be opened in England to enable all of the depart-

ment's 500 offices to be linked

to be created by the ceotre

BRITAIN will avoid a recession, but the Government could still find itself with chronic trade and inflation looks toward an election, according to Warburg Securi-ties' bi-monthly forecast for the UK economy.

be exported. Yet in spite of this relatively

By Simon Holberton, Ecunomics Staff

the highest-paid. Earlier this month Mr Gor-don Brown, Labour's Treasury

per cent. Mrs Thatcher will also be aware of the Govarnment's

tionary wage-price spiral has heen fuelled hy the strong pressure both within the pri-vate and public sectors for pay awards approaching 10 per cent. Its fear is that the 8.8 per cent offer to rail unions will establish a benchmark for

it was conceivable that by the mid-1990s that power could be wielded hy just three unions

The Lahour leadership is already looking at ways to reduce the influence of the block vote. One suggestion is that union votes should be linked much more directly to the views of individual party members within those unions.

By Robert Rice, Legal Correspondent

solicitors rose by almost 15 per cent last year, according to the

annual report of the Solicitors

Nearly 25 per cent of the 17,771 complaints received by

the hureau related to delays hy

solicitors and a further 14.86

per cent alleged negligence. Complaints relating to costs

and overcharging accounted for a further 10.5 per cent of

the total. A total of 20,914 new matters

was referred to the burean last

year, hut 15 per cent of these

were either requests for legal

advice or complaints outside

the hureau's jurisdiction about nther people involved in the

administration of justice, such

as magistrates, barristers and

judges. The number of complaints

about "shoddy work," or inade-quate services, grew by 4 per

cent last year and rep resented some 10 per cent of all complaints against solici-

Complaints Bureau.

number in each union paying the political levy. Natural Allies: Labour and the Unions. Fabian Society, 11 Dartmouth Street, London

continues to rank highly as a

still maintaining the discretion to take further action on the

cause of dissatisfaction.

by telephone.

of complaints.

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solicitors up almost 15%

COMPLAINTS against tors. Shoddy work by solicitors solicitors rose by almost 15 per in the administration of estates

per cent, ensuring greater con-suitation within the unions before block votes are cast, and ensuring that the size of the vote is linked directly to the **Brewers** unite to help tackle alcohol misuse

By Lisa Wood BRITAIN'S largest alcoholic drinks companies have set up an organisation to help tackle **Total of complaints about**

tha misuse of alcohol. The unit, which will be for-mally launched in September, will be headed hy Dr John Rae, former headmaster of Westminster School.

The hudget for education and research will be initially about \$1m a year. Companies subscribing to the initiative include Allied-Lyons, Grand Metropolitan, Guinness, Whit-

Newcastle, Bass, and Seagram of Canada. The companies have been

Scottish CBI Procedures hava also heen director dies tightened up so that the bureau can can take immediate action against solicitors who fail to reply to its letters while

original complaint. Solicitors Complaints Bureau, Annual Report 1988. SCB, Stag Place, London SW1 and was made a CBE in this year's honours list. He is survived by a wife and two children

claims.

MR John Davidson, Scottish CBI director, has died and-denly aged 53. Mr Davidson, who died on Saturday, had been director of the Scottish CBI for 10 years and max made a CDP in this

account deficit on the balance of payments and persisteotly high levels of inflation.

The combination of these two factors, it believes, may make it difficult for the Government to use its Budget riches in an electorally favourable way. It characterises its forecast as one in which the authorities continue to "muddle through."

"The electoral cycle is begin-ning to feature in calcula-tions," it says. "A fiscal stimu-lus ahead of the poll will

of-year forecast for inflation margins during the second half from 6% per cent to 7% per cent to taka account of the of this year and into 1990. receot depreciation of sterling On the outlook for trade, and its changed view of mort-gage interest rates, which it no Warhurg believes the current account trade deficit will longer expects to be lowered. amount to nearly £16.9bn this

gage interest payments and rates, will remain above 5 per cent until 1991.

year. It improves to £14.9bu in 1990, the same level as pub-lished estimates for 1988. It believes the underlying rate of inflation, which excludes the effects of mort-Througbout the period. exports of manufactures is buoyant, but so too is imports of manufactures. Warhurg does

In forecasting this, Warburg has assumed that the current not agree with the Treasury

Tax concession on losses offered to Lloyd's names

HARD-PRESSED members of making syndicates, but have loss-making Lloyd's syndicates had to wait a year to reclaim are being offered a tax concestax in respect of loss-making sion which will improve their ayndicates where they have been required to meet calls for cash flow position. The move follows difficulties

experienced by several syndi-cates in Lloyd'a of London, the The Inland Revenue's decislon, which has been approved hy Treasury ministers, is insurance market, especially one managed hy Mr Richard Outhwaite, which is heavily exposed to asbestos-related described as an "extra statu-tory concession." The concession will only

apply, however, where the total amount of tax deducted at source from a name's aggre-For the first time members. or names, will be able to aggregate profits and losses. They will pay tax on the basis of their net income for a particugate Lloyd's income exceeds \$2,000. Although there will be a lar accounting year from all the successful and unsuccesscash flow heoefit for names facing heavy cash calls, there will be no ultimate cost to the ful syndicates of which they are members. Previously they have been

Exchequer because the tax would have been repaid later anyway, together with accrued required to pay income tax at source on income from profitinterest.

Soviet team is shown how to oppose nuclear power By David Green

MEMBERS of a delegation from the Soviet nuclear power and groups opposing plans for and groups opposing plans for the £1.47bn nuclear plant. industry flew back to Moscow yesterday after a six-day visit to London and the Hinkley designer of nuclear power sta-tions in the Soviet Union, said Point C inquiry in Somerset.

announcements over the siting of plants had formerly been welcomed in his country. How-The delegation wanted to find out how the UK channels opposition to nuclear power after presaure within tha Soviet Union for public consul-tation. Memhers were particu-larly interested in the legal framework for dealing with ever, since the Chernohyl accident in April 1986, opposition to new power stationa had areas objections.

Mr Kurochkin said the way the West German and Freuch The delegation talked in London to officials of the Department of the Environ-Governments channelled oppo-sltion to nuclear power was ment, the Town and Country also being studied. Planning Association, the Local Government and Plan-The Soviet party included Mr Vladimir Tanskiy, director of the Krimiskaya nuclear power station, which is nearing com-pletion on the Black Sea coast ning Bar Association, and the Council of Tribunals. At the Hinkley inquiry, they met repbut faces strong opposition. resentatives of the Central

to mainframe computers for Dun & Bradstreet says the ou-line assessment, payment survey results indicate that and inquiry facilities. inflation has peaked but the cost of hringing it under con-trol will be a rise in husiness The decision to use EDS rather than the department's own staff marks a further failures and an end to falling move towards privatising the unemployment

government computing and telecommunications services. Last year, Racal, the UK electronics group, was chosen to set up and operate the Gov-ernment Data Network, a communications system to handle data exchanges between gov ernment offices.

The department's Livingston centre is part of an aqually ambitious 10 year plan to streamline the department's activities with the investment of about £1.7bn in new computing and communications systems.

The decision to use outside contractors at Livingston will be widely welcomed in the UK computing services industry. In the past the department has been experienced in most been criticised for failing to develop an effective computing system, and for lnaisting on using its own staff.

Companies in the industry have argued that more work should be put nut to private contractors. This, they say, would help speed up computer-isation in Whitehall, while giving the UK industry a broader base from which to tackle international markets.

At hearings of the Commons trade and industry committee last year, Whitehall was repeatedly accused of insensitivity to the industry's needs and of widespread failure to adopt up-to-date technology. UK companies argued that the use of outside contractors in France and the US had helped service providers in those countries gain an advantage over their British counterparts. Because of this emphasis in

the UK industry on the use of government contracts to sup-port domestic companies, the choice of EDS is likely to be coutroversial.

The American group has a big advantage over its UK com-petitors because of its size - it is the higgest company of its kind in the world, with extensive experience of government work in the US. But it has only

been in Britain for five years. Nevertheless, EDS claims to have developed a large UK workforce of 1,500 in that time, only about 40 per cent of which is employed on work for General Motors.

Nameless unit tries to promote England Hazel Duffy says a compromise lies behind efforts to woo investment from overseas

T HE PLAN to promote England overseas to potential investors -announced at the weekend by

Si96.

ing efforts of the five English regional promotion bodies which are part funded

region to overseas companies, mostly in Japan, the US and south-east Asia. But it is not the whole picture.

as Peterborough, Warrington-Runcorn and Telford, promote their wares over-

Tales of towns being "done down" hy another town in the same region are nie.

The total English effort, however, pales beside the marketing of the Scots, Weish, and Northern Irish. They have their own development agencies and they have the distinct advantage of a stronger identity than the West Midlands or tha north west of England can ever hope to get over in Tokyo and Chicago.

The IBB (Invest in Britain Bureau), part of the DTL tries to co-ordinate all this activity. But It does this for the UK, not

ries, made to its own offices and to Britisb embassies.

any region. Its current advertising slogan in the US plays on the Fortress Europe fears: Europe 1992, Britain Now. But there is never a plug for a particu-lar part of the UK. The new English unit will work in a

future of the Scottish Development Agency is expected to be clarified next week.)

jealously guarded autonomy within an agency for England.

Fly Virgin's Upper Class to Tokyo and you'll still be in

the Department of Trade and Industry - is a compromise squeezed out of a tangle of national and regional jealou-

The "English unit" has not so far been dignified by a proper name. The DTI thought that Locate in England would be shortened unflatteringly, and

would be showed uniteringly, and is still searching for a name. The unit will work within the DTI. The budget will be small - £200,000 a year has been mentioned.

Its job will be to promote England as a whole, and to co-ordinate the market-

hy the Government. These cover the north of England, the north west, West Midlands, Yorkshire and Humberside, and Devon and Corn-

The more aggressive new towns, such

seas, as do some local authorities.

The IBB must not be partial towards

similar way, although the IBB will still be the first point of call. An English development agency was contemplated, although it would not have had the development powers of the ones in Wales and Northern Ireland. (The

But the regional promotional bodies in England did not want to lose their a marked change in policy.

because it was unwilling to force through a radical shake-up in the run-up to 1992.

The chief executives of the bodies will be on the board of the new English unit, which will probably be run by somebody who is not now in the civil

service. The DTI is also looking at the funding of the English regional bodies. Two years ago, the plan was to give them the sams amount of money as they could raise from companies and local

authorities within their regions. The Northern Development Company has more than matched Government

money. Others have been less success-

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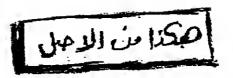
Rather than put the marketing of the English regions at risk, an increase in DTI finding could result from the current review. If this happens, it would be

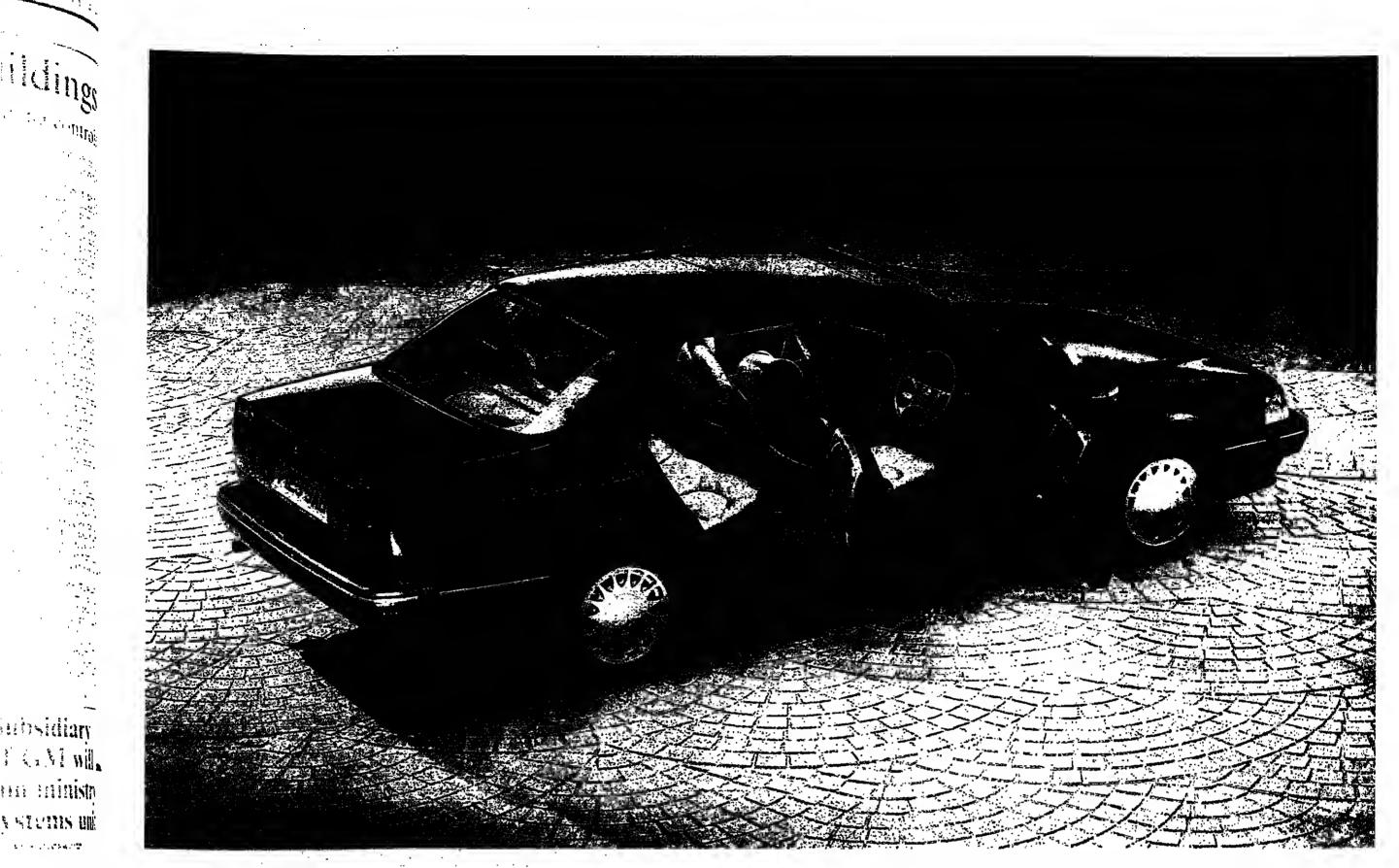
Britain, just to confuse matters. It is the first point of call for investment inqui-Tha Government listened, perhaps Each advertises the virtues of its

Conciliation officers dealt meeting informally for some time to discuss alcohol misuse with 20 per cent of all matters referred to the bureau last and a growing anti-alcohol feeling. A liaison officer has been appointed to gauge "customer satisfaction" with the handling

In response to criticism that investigations hy the Bureau take too long it has set a conbread, Courage, Scottish & ciliation team to handle as many complaints as possible

By Our Financial Staff





THE DASHBOARD IS THE ONLY THING THAT'S WOODEN ABOUT A SAAB CDS.

Take a seat and absorb the quality and space surrounding on space. In the USA the Saab CDS is one of only two European

you in a CDS. The first thing you notice, is the walnut dashboard in front of you. This wood has travelled all the way across the Atlantic. It's Virginian Black, a burr walnut. It's been specially cut,

hand-crafted and given eight coats of lacquer, leaving tones of light and dark that enhance the rich feel of the car's interior.

Now the dashboard's layout catches your

eye. Mother nature may have provided the wood, but Swedish Aircraft technology built the car, so the controls are shaped around you like a cockpit. The instruments are large, and easy to read.

You begin to realise, that when Saab make a luxury car, they don't sacrifice practicality. Nor will you find any compromise cars officially classified as large. The other is a Rolls-Royce.

The Saab, however is designed for drivers, not chauffeurs.

• . .

As you drive away, you realise that the luxury features of

the CDS are not merely cosmetic. Beneath the leather upholstery, for instance, is a seat designed by orthopaedic experts, with five adjustments, to help find the most anatomically correct, yet comfortable position. In fact, the car is so comfortable, that you won't want to leave it. Unfortunate, then, that this is the end of your test drive. You turn off the ignition and take a last look around the car.

Touch wood, you'll now be making a purchase.

For a test drive ring 0800 626556.



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Building

units and

WILCON CONSTRUCTION has

started work on a £3.8m, 52,000

sq ft four-storey office block at St John's Corner, London

When completed in July 1990, the building will be occu-

pied by Peat Marwick McLin.

The block will have a

reinforced cast insitu concrete

frame on piled foundations

with the whole of the ground

floor area for car parking. Above first floor level the

building will be brick clad with

double-glazed powder coated

aluminium windows and cur-

tain walling. The mansard roof will have dormers. The build-

ing will be fitted with raised

access floors and suspended cellings. A feature will be a light well descending to first floor level.

Work has started on three contracts in Swindon and

Abingdon totalling more than 50,000 sq ft, all due for comple-tion in February 1990.

At Audlett Drive, Abingdon

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CONSTRUCTION CONTRACTS



10

IN BRIEF **Brighton** by-pass project

ALFRED MCALPINE CONSTRUCTION has been awarded a £16.6m contract by the Department of Transport to construct the first stage of the A27 Brighton by-pass, a 1.7 km section from Dyke Road to Patcham in East Sussex. Work will include construction of an all-purpose, dual three-lane trunk road and an interchange with the A23 at Patcham. The project is expected to take two years.

SHAND CONSTRUCTION has begun work on a £4.6m con-tract for the construction of roads and sewers, landscaping and the installation of electrical, gas and water services at Riversway, for Preston Borough Council, for completion early in 1991.

*** TUSSAC CONSTRUCTION has been awarded four contracts, totalling 25.8m. The largest design and build award is for a 141,000 sq fi industrial business park at Glaisdale Drive, Not-tingham.

JOHN SISK & SON has gained two refurbishment and fitting out projects, together worth over £15m. In the Nine Kings' Suite, Royal Lancaster Hotel, part of Rank Hotels, demolition. and stripping is followed by piling and ground beams for a glazed extension. Then confer-ence and banqueting facilities will be refurbished and fitted, including motorised chandeliers and air conditioning, to create one of the largest conference complexes in central London. Completion is sched-uled for the end of October. At the Trocadero, Piccadilly, work includes construction and fitting out TV studios, refurbishing Brent Walker Group head-quarters, foundations for cinemas, mezzanine slabs for new retail areas, altering staircases and building lift shafts.

*** DOUGLAS CONSTRUCTION **European Community tightens** rules for awarding orders By Andrew Taylor, Construction Correspondent

EUROPEAN COMMUNITY strict procedures which public authorities must follow when rules to ensure public bodies putting contracts out to tender. give equal opportunities to foreign and domestic contractors bidding for construction work have been considerably tight-This includes stating in advance whether contracts will be awarded to the lowest tender or the most economically

The changes to the public advantageous tender. works directive, which were approved by the Council of Contractors will be able to ask public bodies to give reasons why tenders were rejected. They will be expected Ministers last week, must be enforced within 12 months. Mr Philip Lee, solicitor with Bristows Cooke & Carpmael, a to specify products conforming to European or international

London law firm which specistandards rather than using alises in construction, said the new rules would lead to sub-stantial changes in the way in which public bodies advertised local specifications to keep out suppliers from other EC countries.

The new rules also provide: • stricter controls over pub-lic authorities which might and awarded contracts. The Building Employers Confederation said it would pt to split up contracts to avoid having to advertise in the Official Journal. lead to greater openess in awarding contracts. The changes have been approved by the Council of Ministers ahead of plans to dismantle ea wider definition of what constitutes public works to include organisations which

receive more than 50 per cent funds for a project from public trade barriers between European Community countries by funds. Oprovisions governing the advertising and awarding of contracts to include public The changes will affect construction contracts worth more than 530bn Ecn (£358bn) a year. They insist all contracts authorities placing contracts for privately financed toll bridges and toll roads.

worth more than 5m Bcn (about £3.4m) be advertised in the Official Journal of the **•**require public bodies to give advance notice of any con-tracts as soon as possible after a planning decision has been European Community. Previously the limit was 1m Ecu. The new rules establish

The Council of Ministers is also considering tougher mea-sures against authorities which break the naw rules. This could include powers to set aside decisions taken unlawfully and award damages to contractors treated unfairly.

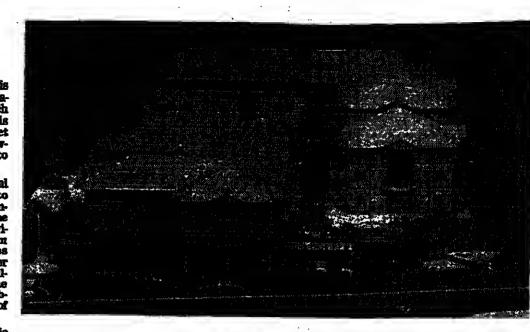
Mr Lee said: "The potential for dissatisfied tenderers to challenge the award of a contract is greatly increased. The approach in the UK has previously been very different from other European countries where it is not infrequent for msuccessful tenderers to challenge contract awards. The damages awarded can be sub-stantial, typically 10 per cent of the contract value.

Up to now, awards of public works contracts by local authorities in the UK have gone largely unchallenged partly because contractors fear they may be precluded from tendering for future work. The new directive should make such fears unjustified."

Building Employers Confed-eration says more information can be obtained from the Department of Trade and Industry, or from individual construction industry trade associations.

trolled from the existing con-

trol room.



£40m waterfront scheme at Dudley

Part of a model of The Waterfront - a canal-side offices and shops development at the Merry Hill Centre, near Dudley, West Midlands, TAR-CONSTRUCTION MAC recently won the contract to design and build the £40m

project for Richardson Develments. The Waterfront development, between a recently-formed marine area on the Dudley canal and a pro-posed leisure complex, is a combination of two, three and four-storey offices with shops

and restaurants or the canal. Work will include underground parking for aboat 300 cars, access roads and landscaping. The project is about to start and is sched-uled for completion in two vears.

£15m workload for Mowlem company Industrial and office units

E THOMAS CONSTRUCTION, the West Country division of Mowlem Regional Construction, has won over fism civil engineering and building contracts.

In Wellington, Somerset, a £1.5m order is underway for the infrastructure at Lowmoor Industrial Estate involving access roads, sewers and piled foundations for J. Grant Builders. Work also includes three first stage warehouse units. Compair Holman has awarded a £1.5m contract for npgrading and development works at Camborne, Cornwall.

The project consists of the

demolition of several structures, refurbishment, and con-struction of a central store, assembly building, spray paint finishing shop and production

test facilities. Two contracts have been awarded by ECC International. The largest, at £1.1m, is for remodelling and installation of private railway sidings at Blackpool Pit, St Austell, Cornwall. The contract includes installation of a weighbridge, slurry loading facilities and internal and external wagon cleaning facilities. The second contract, also at Blackpool Pit, is for a substation.

Construction has started on a steel framed food distribution centre at the Newnham Industrial Estate, Plympton, for Plymouth and South Devon Co-operative Society. The £1.1m contract covers external works and associated drainage.

Work has started on two projects totalling £1.2m for Marine Projects (Plymonth). The larger is for a bost-moulding shop and the second is for a boat-finishing shop.

Also in Plymouth, is a two phase contract, worth £620,000, for Larry Speare, for a carpet warehouse/showroom.

the company has negotiated a £1.1m design and build con-tract to construct nine light industrial/office units in two blocks totalling 22,500 sq ft for Metropolitan Real Property. Working for Shorko Films at Cheyney Manor, Swindon, Wilcon is building a 13,000 sq ft three-storey conference, can-teen and leisure facility in a

contract worth £750,000. Contract worth 2750,000. Also in Swindon, at Sparcells Drive, Peatmoor, the company is building a 300 seat Chinese restaurant with a green-tiled pagoda-like roof in a contract

worth £L2m.

AIRBUS MAKES ENGINEERING WORK FOR FINANCIAIS

Hong Kong building projects

GAMMON CONSTRUCTION, owned jointly by Trafalgar House and Jardine Matheson, has been awarded a series of contracts worth in the region of HK\$117m (£9.2m).

The construction services and supplies division has won a HK\$61m term contract (1989-1991) for retrofitting repair and maintenance works supervised by the West Regional Consultants.

New work won by the foun-dations division includes a HK\$18.3m contract for a disphragm wall and barrette piles on the North West Kowloon sewage treatment and disposal plant

Other foundation work includes a HK20m contract for the Hong Kong Housing Authority and a bored piling contract for a building at Electric Road.

NORWEST HOLST has won park will be clad in precast two multi-storey car park con-tracts in Birmingham and Covpanels to match the finish of the first phase and the termientry, together worth more nal building. The 16-month. than £9.6m. contract includes lifts, new In Coventry the company is barriers and gantry signs. The barriers and signs will be con-

in the Midlands

Multi-storey car parks

to design and build a £3.8m 670space multi-storey car park for the City Council. Sited adja-cent to the inner ring road, the in-situ reinforced concrete framed structure will offer

parking on eight levels. Kleva-tions will be clad in brickwork with arched openings and fea-ture ironwork grilles to, the openings. Work is scheduled for completion next July.

At Birmingham international airport, Norwest Holst is extending a 10-level car park in a £5.85m contract to provide a further 1,200 spaces. The struc-ture will be sited adjacent to the main passenger terminal and will span the main airport. road, Access for traffic will has to be maintained by the contractor throughout the con-

has a 17m contract from Crest Hotels to build a three-star hotel in Sutton, Surrey. The five-storey hotel will have 124 bedrooms, conference rooms, a restaurant and bars, plus a leisure centre, and its own twostorey car park.

*** CONSTRUCTION TERN **GROUP** won contracts worth over £5m last month, which included a store for Iceland Frozen Foods in Truro, and a car showroom for Nissan UK in Wrexham.

*** TRY BUILD has orders worth over £5.3m. Work includes 18 bedrooms at the RAF Club in Piccadilly; restoring Old Shire Hall, Reading, to its former splendour for Grosvenor Estates

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more than 25m orders won by roofing and cladding contractor BRIGGS AMASCO. The Watford contract, for work on the Harlequin Centre development, involves waterproofing and roofing work on the shopping mall and associated mul-

tistorey car park. Briggs Amasco starts work on site shortly, and will be completing its package towards the end of 1990. Bovis Construction is management contractor for the develop ment, which is being under-taken by Capital & Counties and Sun Alltance.

Park in Edinburgh, the company has been awarded a 2706,000 contract for cladding

Range of roofing orders

panels, and built-up rooting for three new blocks: a high technology office unit, a Toys R Ua store, and a multi-screen AMC cinema. Main contractor on the development is Rush & Tomp-kins. Briggs Amasco is part of Tarmac's industrial products

Other contracts include a division

vertisoment is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an on to any person to subscribe for or purchase any securities. Application has been made to the Council of The Stock ge for pomission for dealings in the new Ordinary Shares of 1p each and the Convertible Unsecured Loss Stock 1998 of the my to take place in the United Securities Market. It is emphasized that no application has been made to these sourchies to the emphasized the United Securities Market. It is emphasized that no application has been made for these sourchies to os in the n a and Conventible Unsecured Loop Stock of the Company are a A & M GROUP plc I CITY AND WESTMINSTER GROUP PLC? Placing and Open Offer of 107,000,000 new Ordinary Shares of 1p each at 5p per share payable in full on acceptance and allotment of 159,703,314 new Ordinary Shares of 1p each in connection with the acquisition of **CITY AND WESTMINSTER FINANCIAL PLC** and **ARCHFORD INVESTMENTS PLC** Shere Capital Authonised Following the Acquisitions, the Placing and Open Offer and the Capital Reorganisation issued and fully peid anisation in Ordinary Shares of 1p each in Deferred Shares of 9p each £3.250.000 £4.500.000 £5,606,702 £5,606,702 £10,106,702 £8,856,702 Reorganization and Reduction of Capital

A reorganisation of the share capital is proposed involving the creation of a new class of Ordinary Shares of 1p. Subject to the approval of shareholders and stockholders, each of the Ordinary Shares of 10p of the Company now In issue will be sub-divided into one Ordinary Share of 1p and one Deferred Share of 9p. The Deferred Shares will have restricted rights and therefore will be of negligible value. Subsequently, subject to the approval of shareholders and stockholders and to confirmation by the High Court, the share capital of the Company will be reduced from £10,106,702 to £4,500,000 by the cancellation of each of the Deferred Shares resulting from the capital reorganisation. Following the confirmation of the reduction the share capital of the Company will be as follows:—

Authorised £4,500,000 in Ordinary Shares of 1p each

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Particulars relating to the Company are contained in new issue cards circulated by Extel Financial Limited and in a circular's relating to the Company and Ioan stockholders dated 20th June, 1989 copies of which may be obtained during normal business hours, up to and including 28th July, 1989 from the Company Announcements Office of The Stock Exchange and on any weekday (excluding Saturdays) up to and Announce cluding 11th August, 1989 from :---

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Interallienz House	One Great Cumberland Place	55 Grosvenor Street
3 Cleary Court	London W1H 7AL	London W1X 9DA
21/23 St. Swithin's Lane London EC4N 8DE		

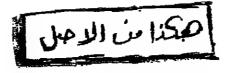
A £1.32m job on a shopping £715,000 package of work at the centre in Watford is among News International plant in Knowsley, for main contractor Wimpey Construction UK. At the Craig Park Business

> and roofing work. The Edinburgh branch is supplying and fixing Moduciad composite cladding & roofing

> > £3,250,000

بالمعاجي والأربط بقت المتعطي والم





MANAGEMENT

FINANCIAL TIMES MONDAY JULY 24 1989

here were fewer employses left to enjoy the good news, but their "out" of relief when Crédit du Nord announced its return to profit in 1988 was almost andible. A net profit of FFr49m (£4.7m) might not be substantial for one of France's top ten retail banks, but it showed, neverthe-less, that the bank's drastic restructuring efforts were starting to bear fruit.

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Nord had phunged deeply into the red, and for several years before that, the bank, then under the joint control of the French state and of the nationalised investment bank Paribas, had been one of the worst performers in the French bank-ing sector.

Today, the now privatised Paribas is 100 per cent owner, while Crédit du Nord itself has radically trimmed its work-force and its operating costs to return to breakeven.

Many of the bank's problems can be traced back to 1974, when it was created in its pres-ent form from the merger of the old Crédit du Nord with Bergung de l'Union Barisiones Banque de l'Union Parisienne (BUP), an old-established investment bank which Paribas had bought, amputated of its share portfolio, from its

arch-rival Suez. The combined group suffered from a heavy structure - too many employees in the centre from the BUP, too many in the branches from the Crédit du Nord itself.

"Each bank was overweight, neither was a market leader; the marriage of the two was very heavy," comments Bruno de Maulde, the former French representative at the Interna-tional Mandar Thurd tional Monetary Fund who took over as Credit dn Nord's chairman in 1986.

De Maulde's analysis of the situation he inherited contained a number of positive points: the ambitious computerisation programme launched by his predecessor, David Dan-tresme, and Pierre Barberis, then managing director; the refurbishment of the group's branches; a number of new and George Graham explains how the French bank turned itself round from heavy losses

Credit du Nord

talented recruits. On the negative side, how-ever, he recalls the bank's exaggerated cost structure, its inadequate bad debt provi-sions, and the bad lock of having to face these problems at the time that the government abandoned credit controls, triggaring a surge in competition. The most positive point, however, was that he found an organisation that was worried and ready for change, "I said we must change, and the mes-age was well received," he recalls

Efforts to change had already begun in the late 1970s, under the chairmanship of Antoine Dupont-Fanville, and

continued in the early 1980s under his successor, Dautreame Besides attempting to trim the workforce, Crédit du Nord had sought to recover through growth, trying to boost its mar-ket share, largely through increased lending, in a bid to justify its heavier cost structure. The policy was in any case difficult to carry out at a time of mounting banking com-petition and declining margins, but in addition it had brought with it a deterioration in the

bank's risk portfolio. The most dramatic bad risk was the Ribourel property development empire, the col-lapse of which pushed Crédit dn Nord into loss in 1982. Losses on Ribourel totalled around FFr500m, and Crédit dn Nord had eventually to take

the company over. From 1986, a tougher approach to the bank's ills was adopted. The bank had already cut around 1.800 from its workforce between 1974 and 1984,

Contrasting performances of French banks 1988 6 7 3 4 5 2 86,000 83.0 <8 42 59 146,000 74.8 9.45 52 3,080 159,000 71.9 8.5 51 2,080 195,000 70.2 8.9 57.6* 3,040
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 Crédit du Nord BNP Crédit Lyonnais Soc.Générale 204,000 67.5 >8 47 me (%)

parent company gross operating profit per explo 2) parent company general operating expenses/net 3) group capital adequacy - find place Coole rail 4) group provision cover ca soversign debt expose 5) group net profile Fir million 6) increase from 1967 (%) 7) gross return on assets (%)

begins to bear fruit

but over the next times years a series of voluntary retirement programmes cut another 1,000 jobs. Yet by the end of 1987, Crédit du Nord's 9,250 employ-ees were still generating only FFr52,000 of gross operating profits per head, less than haif the average produced by its five major commercial banking madryl, Crédit du Nord's con-troller general, who joined the bank in 1987 with Simon. The workforce, for example, fell by another 1,500 over the course of the year - a major saving, since employment costs amount to two thirds of a bank's total expenditure. five major commercial banking

Over the course of the year competitors - Banque Nation-ale de Paris, Crédit Lyonnais, Société Générale, the CIC group and Crédit Commercial de France. 70 branches were closed. mostly in the regions of Picardy and northern France where the group is most heavily implanted, though five new ones were opened, mainly in the Paris region.

Personnel and operating expenses ate up FFr87 out of every FFr100 of net banking income, compared with an average of FFr76 for its five The investmant budget, meanwhile, was trimmed from FFr250m to FFr150m, by cut-ting out everything that was not directly linked either to major rivals. The answer adopted by de Maulde and Pierre Simon, who security or to the bank's com-mercial activities. came from the parent Paribas in 1987 to replace Barberis as Crédit du Nord's 1988 gen-

eral expenses budget, mean-while, had originally been scheduled to grow by 25 per cent to FFr719m; the PAU slashed this budget to managing director, was the Plan d'Action Urgence, or PAU. This kill or cure plan sought to cut more jobs, close agencies, curb investment plans and clamp down on gen-FFr668m. To Desmadryl's particular pride, the final figure eral expenses. for the year was even lower at FFr647m

"It is quite simple; Crédit du Nord had no other way out. So The starting point of this successful assault on wasteful many indicators were flashing red. We had to take radical spending was to instil a new action to ensure the company's survival," says Jean-Louis Deshouse spirit. "We changed to a

state of mind where the Scrooges are in the majority, comments Desmadryl, noting the accumulation of small savings through hundreds of ideas received from the branches: at Dunkerque, FFr25,000 a year saved by using rubber bands instead of envelopes when etoring accounting documents; in Rouen and Beauvais, FF150,000 a year saved by archiving cheque handling records on computer disc instead of on

The savings achieved required more than incanta tion, however. The attack wa carried through both verti-cally, by making every head of department or unit responsible for his or her flercely negotiated budget, and horizontally, by appointing specialists across the group to look at ways of economising on costs such as cleaning services, telephone hills or transport.

Telephone costs were cut by 13 per cent over the year to FFr91.9m, though computer teletransmission costs rose by 10 per cent over the same period to FFr32.9m, as the group's heavy computerisation programme took over more activities. Transport costs, meanwhile, were cut by 15 per cent to FFr48.4m, through such measures as insisting on sec-ond class train tickets for everybody, right up to the

chairman. If Desmadryl shows no inclination to ahandon the Scrooge spirit, he recognises, neverthe-less, that the PAU cannot remain in place for ever. And de Maulde is keen to shift to a more positive outlook. "We have been too occupied in the

tion. The computerisation pro-gramme will by the end of the year have introduced 6,850 personal computers for Crédit du Nord's 7,700 staff - just about one per person, allowing for shift working. "The personal computer has become the ballpoint pen for our everyday hanking acts," comments Simon, the chief executive. As important as the internal

use of the computer, however, is its extension to customer services. A new program devel-oped by the bank can be made available to customers, through France's Minitel videotext system, within two or three months of its completion. The system produces many advantages for Crédit du Nord itself - it has, for example, cut the number of errors on stock market orders by 97 per cent -but it has also benefited the large proportion of the bank's

This is especially the case for companies linked to its an inherited subsidiary, the Banque Nicolet Lafanéchère et de l'Isère (BNLI), which was Norestel service, which can manage their treasury flows more accurately; Crédit du Nord now regards its mastery of payments processing as one profitable. and it was clear that we could not have two regional centres. We decided to expand the sub-

sidiary, rather than absorbing it," says Simon. in 1986, when the BNLI made FFT3.8m profit. the sum of the two networks

11

was negative. In 1987, the sum of the two was a profit of FFr8m, but in 1988, after their merger to form the Banque Rhone-Alpes, they made FFr17.3m. This year Banque Rhone-Alpes is expected to boost its profits hy at least another 50 per cent.

This does not mean that Crédit du Nord is likely to repest the experiment. Its other main regional subsidiary Banque Tarneaud, is alone in the Limousin area with no other Crédit du Nord branches with which it might merge, while Simon's experience in the CIC group, a state-owned confederation of regional banks, has made him aware of the danger of creating uncon-

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of its trump cards in winning

corporate customers. There are now, however, 130,000 individ-

"The shift of customers to the Minitel is gradual and largely a function of genera-

do not go to the bank unless they have a problem to solve,

but when they do go they want someone very competent," says

Decentralisation, meanwhile,

has been spplied with determi-

nation over the past two years. Commercial decisions and

responsibility for profits have

been devolved to seven regions

and two separate regional sub-sidiaries, and Simon says that

only around 350 credit decl-

sions a year are being passed to head office for approval.

Branch and department managers all down the line are

now paid partly in line with

the operating profits of their unit, with bonuses for meeting

profit targets amounting to as

In one region, the Rhone-

Alpes area of south-eastern

France, Crédit du Nord faced

the problem of having two networks: its own branches, which were making losses, and

much as two months' pay.

to the Norvideo service.

Simon.

customers who subscribe

trolled baronies. And while the bank is busily decentralising power to its own offshoots, it remains comfort able within the broader Pari-bas group. "It is a delicious relationship. I am delighted to have a shareholder like Pari-bas," says de Maulde. He does not think Paribas should remain for ever in 100 per cent control; he welcomes outside partnerships, but insists that it is in the interest of both Crédit du Nord and Paribas for the latter to maintain control, and preferably the majority.

At Parihas, meanwhile, Michel Francols-Poncet, the chairman, talks much more warmly of his commercial banking subsidiary now than he did two years ago, and appears to share de Maulde's views on the nsefulness of forming an outside alliance through the Crédit du Nord.

De Maulde, while grumbling that the erosion of interest rate margins has cost him FFr200m a year for the last three years, says that he has accomplished around half of his task.

From a gross operating profit of FFr450m when he arrived in 1986, the bank prog-ressed to FFr850m last year, he is now aiming for FFr1.25bn in 1992, or more if the bank's capital is increased in the mean-

Both Simon and de Maulde express their firm belief in Crédit du Nord's future as a universal bank, firmly rooted in commercial banking, "A bank like ours is fundamen tally a deposit-taking bank. We have corporate finance and trading sctivities, but those are sccessories. I am convinced that this is an activity with a future, once we have digested the consequences of deregula-

Ws wanted to decentralise tion," de Maulde concludes.

all Airbus aircraft is an improved return on investment for airlines.

This increasing means

The goal behind the design of

NEEREQUATIONS



A tough approach to recovery

last two years with cutting costs and closing branches to

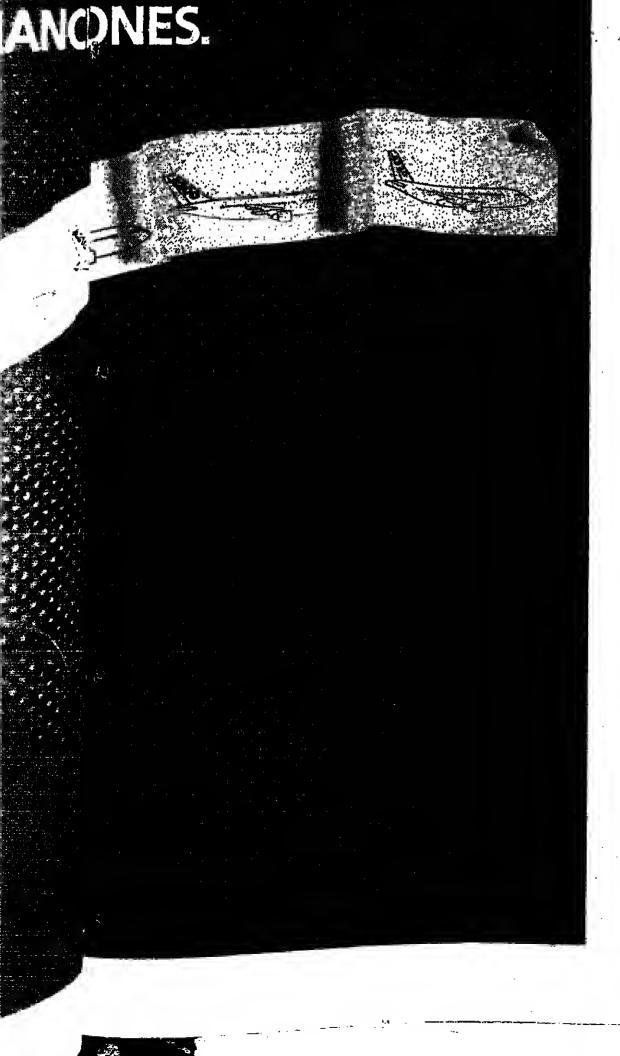
pay enough attention to boost-

ing our development, but there are new investments that we

Two of the foundations of Crédit du Nord's development

have already been laid: decen-tralisation, and computerisa-

Bruno de Maulde: feels he has ac nplished about half of his task at Crédit du Nord



durability and reliability, while keeping operating, maintenance and seat-mile costs to a minimum.

This is achieved by the use of advanced, immensely strong, lightweight materials; new systems such as 'fly-by-computer' which weight and simplify save maintenance; and the application of advanced aerodynamics to improve fuel efficiency.

The freight holds have been designed for use with standard cargo containers and ground equipment that speed turnaround and handling. Most important, in the search for maximum efficiency, the Airbus family of aircraft is designed with a high degree of commonality built-in to the entire product range.

The Airbus approach shows up most strongly in the bottom line.

All these and many other features offer airlines increased profitability and add up to a better return on investment.

S AIRBUS INDUSTRIE



Frank McGovern tells Terry Dodsworth why he found working for a Japanese company to be a very enriching experience

One of the arguments for investment in the UK is that it exposes British man-agers to the best practice from overseas. In the long run, it is said, the newcomers will force their British counterparts to adopt those methods which are shown to be narticularly effect. executive team with the oppor-tunity of discussing and help-ing make decisions on finan-cial, marketing and technical issues as well as his in his own production area. "No issne would ever be decided by just two people. There would be a broad-based discussion on any manufactur-

adopt those methods which are shown to be particularly effec-tive; and they will train a new generation of British managers who will introduce these systems to indigenous groups. Frank McGovern, manufac-turing director of Techno-phone, the Camberley-based producer of portable tele-phones, is a wholehearted con-vert to this idea of knowledge transfer. Before he arrived at Technophone, a start-up com-pany with a stack of produc-tion problems, he had a six-year spell at the Hitachi televi-sion plant in South Wales. He describes thet period as the most euriching in his manage-rial career. "If you are very lucky, you

rial career. "If you are very lucky, you might meet two managers in your career who have a strong enough influence on you to make you change your whole management thinking. At Hita-chi, Tadashi Kurose had that kind of impact on me."

kind of impact on me." McGovern sums up the man-agement methods he absorbed at Hitachi with a compelling footballing image. The Japa-nese, he says, "have the ability to stand on the ball and see the big picture." They tend to think, in other words, about the entire factory rather than about a single production line, about groups rather than indi-viduals, and more about the chance that it would succeed viduals, and more about the

entire working environment than a single machine. "At Hitachi they used to say that equipment was only a

that equipment was only a matter of pulling out a cheque book. It was more important, they believed, to get attitudes right." McGovern also found that Hitachi gave him a much broader knowledge of how companies work. On the pro-duction side, this came from direct exposure to new ways of direct exposure to new ways of doing things, along with the chance to see Japanese meth-ods being applied in Japan, and to be trained in them. "It is very easy to believe that you know what yon are doing because that is the way you have been brought up," he area. "But heing sent to Japan

"But being sent to Japan

to "Be Proud of Your Com-pany," or that "Care Today brings Quality Tomorrow." But there is no doubt about the Japanisation of the production

Management style. None of the senior managers, for example, has his own office. Executives are expected to ing matter, for example, because the managing director was looking for input from the work together, and they sit in an open space area when they need a desk. The shop floor is financial and technical side as ment - and when five or six people believed in a thing, the organised in teams of about six people, and great emphasis is

people, and great emphasis is put on communications, qual-ity discussions and production flexibility. New employees go through between four and six weeks' training. "One of the things that stands out in Japanese facto-ries is the amount of manage-ment involvement in the shop-floor overstions and the great floor operations, and the great effort that is put into problem solving, training, and a contin-uous effort to improve. Every day the Japanese would ask you if you had any good ideas about how to improve the

organisation." According to McGovern's team, the effect of this approach is seen in a much more smoothly-working fsctory. Quality defects have dropped dramatically, and Technophone has been able to ramp up output eightfold while

increasing its production staff only slightly from 135 to 160. There have also beeo less

measurable changes. On occasions, for example, the work-force has responded to external problems such as a hitch in component supply by voluntarily offering to return in the evening and produce the day's quota. And a recent decision to put a new plant in Hong Kong rather than expand at Camber-ley was accepted calmly, says McGovern.

"Hong Kong is not regarded as a threat because we have explained it," he says. "Our employees see this development as an opportunity to gen-erate more funding for the growth of the group as a



well. It was consensus manage-

were very high." McGovern decided to leave Hitachi because he saw even more opportunity to express himself at Technophone. "I'm a builder, not a maintenance man. I like situations where things need to be grown and matured." mature He has found plenty of scope

to exercise those development skills at Technophone, which was suffering from growth was suffering from growth pains on its production line when he arrived. The company had only been manufacturing phones for a year or so, and was having great difficulty in both increasing productivity both increasing productivity and tackling quality problems its quality defects rate was running as high as 60 per cent. One of McGovern's management team, Dennis Dearden, describes him as a coach. "We

had enthusiasm, but we were young and inexperienced," he says. "Frank gave us uew ideas." The only overt sign of the Japanese influence in the plant are the exhortatory plaques around the walk, telling people

DIARY DATES

medical research.

Committees on private bills:

King'a Cross Railways Bill.

(Grand Committee Room,

Westminster Hall, 10.30 a.m.)

Redbridge London Borough

Council Bill (Room 6, 10.30

a.m.) and Wentworth Estate

Commons: Motions on Social

Henderson Admin. 23p Hewden-Stuart 10pc Ln 2003/08 5pc

Bill (Room 5, 10.30 a.m.)

Security Regulations.

Wednesday

ireland) Bill.

ing stages.

Bill.

Trade Fairs and Exhibitions: UK

Olympia

Hove Town Hall

Kenilworth

Kensington

Olympia

Aberd

Harrogate

Bangkok

Leipzig

Vienna

Carpet Fair

Kensington Town Hall

September 7-9

September 10-13

MAB (01-437 8754)

September 12-23

September 15-23

tember 17-18

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July 25-30

Angust 13-17

August 17-20

August 26-28

(0203 696969)

September 3-6

September 8-7

September 5-8

International

(021-705 6706)

July 27-30

Exhibition

(0494 729406)

September 3-9

(0375 392222)

September 4-9

(01-977 8474)

(01-855 9201)

01-727 1929)

British Music Fair (01-730 7852)

Gifts Fair (0473 622093)

Antiques Fair (04447 2514)

Town and Country Festival

Top Drawer Gift and Decora-

tive Accessories Exhibition (

Internetional Autumn Fair

Offshore Europe Exhibition

International Furniture Fair

and Woodworking Machinery

International Autumn Fair

Show of the Nations Exhibition

Farnitare Sapplies

and Conference (01-549 5831)

PARLIAMENTARY

Today Money Show (01-940 2244) NEC, Birmingham ments International Menswear ensions. Earls Court Antiques Fair (04447 2514) Orders. Chelsea Old Town Hall tion Regulations. International Boat Show (0708 Southampton DIY Trade Show (01-302 8585) **Earls** Court

September 18-22 International Handling & Storage Exhibition (0895 58431) NEC. Birmingham September 18-19 International High Definition Television Exhibition – HDTV

(01-931 9985) Tara Hotei, London **Overseas Exhibitions** Sentember 13-14

Pre-Press Exhibition (0372 373161) Copenhag September 18-17 International Fisheries Indus try Exhibition (01-948 9900) Nantes September 14-24 International Motor Show -**IAA** (01-734 0543) Frankfurt

Business and management conferences

July 24-25 Frost and Sullivan: Business intelligence; How to gain and retain e competitive advantage (01/730 3438) London July 25 Dale Carnegie:"Results are what count! (01-979 8800) 69 Cannon Street, London July 31- August 1 The Industrial Society: Managing for involvement and innovation (01-262 2401)IBM South Bank,London SE1 Angust 2-4 Frost and Sullivan, Evaluating and implementing local area networks (01-730 3438) Brighton

manager's review third annual updating conference 1989 (01-680 5682)London Press Centre September 11 The Industrial Society: Annual honre – principles into practice (01-262 2401) London September 13-14 Financial Times Conferences; World Motor $(01-925\ 2323)$ **Hotel** Inter-Continental, Frankfurt September 14 Tolley Conferences: Duties and responsibilities of a company secretary (01-680 5682) London

on "The practical implications Commons: Electricity Bill, of the poll tax for the people" completion of Lords amendand on a subject to be announced. EC documents on road safety Debate on parliamentary and freedom of movement of Lords: Local Government and workers. Lords: Pesticides (Fees and Housing Bill, committee. Motions on Water Act (1989) Enforcement) Bill, third read-Motion on Control of Pollu-Representation of the People Bill, third reading. Electricity Bill, consider-ation of Commons amend-Select committee: Environment. subject, contaminated land, Witnesses: House Buildments Finance Bill, second reading. ers Federation, W.S. Atkins Consultants and Ms Sonia Dangerous Dogs Bill, remain-Withers, Loughborough University of Technology. (Room ing stages. Human Organ Transplants Bill, remaining stages. Question to Government on 21. 5.15 p.m.) Tomorrow

FINANCIAL TODAY

COMPANY MEETINGS-Aleson, Institute of Directors, 118, Pail Mail, S.W., 11.00 Chloride, Centre Point, 103, New Oxford Street, W.C., 11.30 Erskine House, Savoy Hotel, Strand, W.C., 11.00 Rowilnson Securities, London House, London Road South, Poynton, Cheshire, 12.00 BOARD MEETINGS-Finatic Dalepak Foods Goode Durrant North of Scotland Inv. Co. Property Tist Allied Textiles Reuters Rights & Issues inv. Tst. Sotheby's Temple Bar Inv. DIVIDENO AND INTEREST PAY-MENT'S-Acatos & Hutcheson 3.5p Airtigw Streamlines 4p Tolley Conferences: Payroll 996 2334.39 Flata Nos. 1989 \$273.32 with & Sunderla

Bass 7p Bristol & West Blog. Soc. Fitg. Rate Britannia Sidg. Soc. Fito. Rate Nite. Cenadian Imperiel Bank of Com-arce Fity, Rate Debs. 1984 \$492.92 Co-operative Bank Sub. Fity, Rate s, 2000 £167.51 HES. 2000 ETRY.21 EMAP 4.22p Ferguson Indl. Hidgs. 7.75p GPG 0.22p Gaynor Group 1.2p Hydro-Guebec Fitz, Rate Nts. Sers. Y July 2002 \$501.17 Undwitche Renches SA Da C. V. Etc. las Penoles SA De C. V. Fig. Lloyds Bank Sers, A Var. Rate Sub, Nts. 1996 £335.02 Portemouth & Sunderland Newson-

the Health Promotion Founda-TR Technology 1.5p Teccas Instruments 18cts. Waddiagton (John) 3.8p TOMORROW COMPANY MEETINGS-Amber Indi. Cayzer House, 1, Thomas Mora Street, E.C., 12.30 GAA, Hilton Hotel, Park Lane, W., COMPANY MEETINGS 2.15 Pritish &teel, Grosvenor House Hotel, Park Lane, W., 11.00 Cape Inda., Iver Lane, Uxbridge, Middlesex, 12.00 Cater Allen,1, King William Stret, E.C., 12.30 Contro Seach Prince of Weiss Corton Seach, Prince of Weles Hotel, Southport, 11:00 Learmonth & Burchett Mngt, Centre Point, 103, New Oxford Street, W.C., 12:30 12:30 Monks Inv. Tat., Brettenham House, 6, Lancaster Piece, W.C., 11:30 Vinten Grp., The Athenseum, Angel Hill, Gury St. Edmonda, 10:00 Weilman, Eng. Employers W. Mid-lands Assoc., Frederick Road, Gir-

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Commons: Opposition debates

Handa Assoc., Frederick Road, 6 mingham, 12.00 Whitbread, The Brewery, Chisa Street, E.C., 12.00 BOARO MEETINGS-Finals: Amaigamated Financial Inva. Hughes Food Independent Inv. Co. Menviar-Surain Mossic Inni. Murray Amalier Markets Roduc Redius Nood (John D) -SNA St. Moderen Prope. Shell Oll DIVIDENO AND INTEREST PAY-MENTS-Bank of Montreel FRN's 1998 \$480.15 Bankers Trust New York 520ts CLF Yeoman Ir2.75p CLF Yeoman (72.73p CPC Intl. 45cts Cathyna 6.5p Debenhams 74 pc Ln 2002/07 35 pc Do, 73 pc Ln 2002/07 35 pc Feirfine Boats 6.5p Flexelia Casters & Wheels 1.67p

W.C. 12.00 Orp., 10.00 side, 2.30 12.00 W.C. 12.00 AMS Inda. Bank Loumi (UK) Fleming Fle d Nyco Mount Charlotte Inva. Tremedoo methon tout Bennett & Fountain 1.32p Bromsgrove inds. 1.75p Capital Lansing Ir57p

Hynter Sephir 3.7p London & Clydeside 1.7p London a Chyberne 1.7p Manufacturers Hanover 62cts Prowing 3.2p Rottachild (J) 5.5p State Bank of Victoria FRM's 1995 \$471.55 TSB Gitt Fd. Class 8.1p Thomas 0.85m Thorpac 0.835p Treasury 12pc 1995 Bpc Treasury 134 pc 2000/03 5% pc WEDNESDAY JULY 26 COMPANY MEETINGS-Caledonia Inve., Cayzer House, 1, Thomas More Street, E., 3.00 Coalita Grp., Savoy Hotel, Strand, W.C. 12 co. , 168, Honeypot Lane, ment Road, St. H ers, Savoy Hotel, Strand, W.C., Reed Intt., Savoy Hotel, Strand, W.C. 12.00 Reject Shop, Chetwynd House, 24, St. Swithing Lane, E.C., 12.00 Staveley Inds., Inter-Continental Hotel, 1, Hamilton Piace, W, 12.00 BOARD MEETINGS-BOARD MEETINGS-Finalis: Dyson (J&J) Eve Perning Enterprise Inv. Tst. Gibbs Mew Jury's Hotel Kanyon Securities Smith (David S.) Wood (SW) Enterpre OIVIDEND ANO INTEREST PAY-

Proceedings on Continental tion and funding of sporting Shelf Bill. and cultural activities and

Local Government and Housing Bill, committee. Select committees: Trade and

Industry: subject, report and accounts of the Post Office. Witnesses: Officials from the Post Office, National Federation of Sub-Postmastars, National Communications Union and Union of Communications Workers. (Room 15, 10.45 a.m.) Employment: snbject,

part-time jobs. Witness: offi-cials of EC Directorate for Lords: Amendment to Fair Employment (Northern Employment Social Affairs and Proceedings on Extradition Education, (Room 20, 4.15 p.m.) Joint committee on specia Law of Property (Miscella-neous Provisions) Bill, remainprocedure order: Harwich Dock Company Harbour Experimental Order, (Moses Room, House

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BSS Orp., Grand Hotel, Leicester,

Boots, Orosvenor House Hotel, Park Lane, W., 11.00 British Telecom, National Exhibition Cantre, Birminghem, 200 Edbro, Royal Garden Hotel, Ken-eington High Street, W., 11.30 Locker (Thomas), Church Street, Warrington, 11.00 Meiville Street Invs., Cariton High-land Hotel, North Bridge, Edinburgh, 12 00

Meyer Int., Charing Cross Hotel, W.C., 12.00 Renold, Hotel Piccadilly, Manches-ter, 2.30

pa Orp., Moat House Hotel, Yew

Scapa Orp., Moat House Hotel, Yew Tree Drive, Blackburn, 12.00 Starting Publishing Grp., 24, Upper Brook Street, W., 11.30 Storehouse, The Brewery, Chiswell Street, E.C., 10.30 eDARD MEETINGS-Binnie:

Finata: Banks (Sidney C) Boscombe Prop.

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12.00

of Lords, 11 a.m.) Committees on private bills: King's Cross Railway Bill (Grand Committee Room, Westminster Hall, 10.30 a.m.) and Wentworth Estate Bill.

(Room 5, 10.30 a.m.) Thursday Commons: Summer adjourn-

ment motion. Proceedings on the Consolidated Fund (Appropriation) Bill.

Lords: City of London (Spitalfields Market) Bill, third read-Consideration of the report

of the Committee for Privile on the Barony of Grey of Codnor

Debate on report of EC Committee on Equal Treatment for

Wace Yeoman Inv. Tst.

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Men and Women in Pensions. Motions for approval on Northern Ireland Police and Criminal Evidence Orders, Representation of the People Regulations and the Bristol and Black Country Development Corporation Order.

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Question to Government on restructuring of the Nature Conservancy Council in Scot-

land and Wales. Committees on private bills: King's Cross Railway Bill. (Grand Committee Room. Westminster Hall, 10.30 a.m.) and Wentworth Estate Bill (Room 5, 10.30 a.m.)

Friday

Commons: Debates on the motion for the adjournment.

Canadian Pacific 19cts

Chamberlin & Hill 6.5p Chamberlin & Hill 6.5p Chamberling 8.25p Clayhithe 2.75p OIVIGEND AND INTEREST PAY-Compase 3p Darby 1.25p Davies & Newman 12.5p Darby 1.25p Davies & Newman 12.5p Dow Chemical 80cts Eldridge, Pope & Co ^* 1.75p Dirozentrale Und Gank Der Ost Spark 52pc Nts 1993 34.5pc Do. 6.3pc Nts 1993 34.5pc Grainger Tst. 1.2p Grand Central inv 0.85p Heath (C.E) 18.375p Hoimes Protection 2.1cts Hughes (HT) 1.38p ITL information Tech. 0.5p Itaty (Rep. d) 9pc Nts 1903 4.5pc Jarvis Porter 2.6p Kynoch (G&G) 1p Locker (Thos.I 1.05p London Scottish Bank 0.75p London Scottish Bank 0.75p London Scottish Bank 0.75p London 1255 Bank of Nova Sootia 23cts Brooke Tool Eng. 7.25p Can. Imp. Bank of Commerce FRN's 2084 5490.21 Elge 1.1p European Colour 0.75p Finlay (James) 2.15p Johnson & Firth Grown 0.3p Powerscreen Intl. 3p Rotte & Noian Comp. Services 3.5p Rowlinson Securities 1.11p York 7.5t, 1.7p FRIDAY JULY 26 COMPANY MEETINGS Caradon, Plaistarera Hall, 1 London Jail, E.C., 12.30 Chamberlin & Hill, Merchante House 2 Wast George Street, Chamberin & Hil, Marchants House of Glasgow, 7, West George Street, Glasgow, 12.00 Rothmans Int., Grosvenor House Hotel, Park Lane, W., 12.00 Wiggins Grp., Beautort Court, Admi-rals Way, South Quay, E., 11.38 40 Do. "&" 12p New England Props. 0.3p River Plate & Gen. Inv. Tst. Sp BOARD MEETINGS-S.E.P. Indi. 0.4p ofs 2.30 Sidiaw Sp Telefonica De Espana PT30 Do. 4pc Bds. 2003 2pc Thames TV 10.25p The Rack 0.865p Time Prods. 4p reasury 812pc Ln 2000 414pc WA Hidgs. 0.85p Wardell Roberts In1.53p Whitbread & Co A 9.3p Do & 9.3p Whitbread lav 7.15p Willoughby's Cons. 3p Do, Pid 3p Lloyds Bank DIVIDEND AND INTEREST PAY-Altours 1.5p Anglia Secure Homes 1.25p Alidas Bros (Hoslery) 7.7p SUNDAY JULY 30 of) 13.6pc

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Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there have been no changes to the details published

FINANCIAL TIMES BUSINESS INFORMATION

APPOINTMENTS

11

Mr Chris Yates (above) has

joined BRITISH SUGAR as

director of finance. He was

European financial controller

managing director of Hanover Partners, a US/UK executive

with Polypenco.

search company.

GENERAL He succeeds Mr Leopoldo Sansone who retred at the end of May. Mr Gonzalez as managing director of Cables Pirelli.

Mr Richard Dodson has been appointed managing director of DCE GROUP, designers and manufacturers of dust control equipment. He was president of DCE Inc in Louisville, Kentucky.

BUY IVES DAS DEED promoted to commercial director of GEO A MOORE &

appointed general manager of the London branch of THE LONG-TERM CREDIT BANK OF JAPAN. He succeeds Mr Kaikichi Imamura who is returning to Tokyo.

S Mr Yasanori Fujil has been

NATIONAL HOME LOANS has appointed Mr Marc McGlen as divisional director of marketing. He was director of development and marketing

BROTHERS as director finance

2.2 J. N

Mr Andrew Elliott (above) has

been appointed maneging director of BROAD STREET

GROUP from September 11. Mr Elliott, who joins from McKinsey & Co, will join the main board and become chair-

man of the group operating board. Mr Brian Basham

becomes group joint deputy chairman, joining Mr Graham

Mr Peter Franklin has

joined the board of REA

Ser in

and operations.

at CIBC Mortgages.

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- 192 46.00 35.50 35.50 46.00

Electra Inv. Tst. 2.7p High Gosforth P Weilman 1p THURSDAY JULY 27 COMPANY MEETINGS-Avesco, Venture House, Davis Road, Chessington, Surrey, 11.00 BET, Park Lane Hotel, Piccadilly, W.,

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non-executive director of Pearl Group from August L

Fenn-Smith becomes a

Mr Douglas Morrison has been appointed managing director of KLECTBOLUX DOMESTIC APPLIANCES. He was commercial director.

Mr Richard Fellows, Mr Alan Goodwin, Mr Giles Norman Butler and Mr Guy Rickson have been appointed directors of HENDERSON FINANCIAL MANAGEMENT, and Mr David Collingwood

director of Wade (Ireland), and Mr Cland Rowley, director of

Wade Heath & Co, have been

appointed to the main board of WADE POTTERIES.

POST OFFICE COUNTERS

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THE BRITISH AMERICAN

CHAMBER OF COMMERCE

as its new president. He is

has appointed Mr Peter Felix

as appointed Mr Charles

Cameron as group finance director. He was finance

director, Bletchley Motor

has appointed Mr David

Amalgamated Metal

in Brussels.

Group.

becomes assistant managing CENTER PARCS UK has director. appointed Mr Peter Moore as managing director and Mr Mr Roger Carroll, personal Steve Brown as deputy finance editor of The Sunday managing director. Mr Moore was sales and marketing Telegraph, becomes a director of GRANDFIELD RORK director and Mr Brown finance COLLINS in August, and managing director of a new subsidiary, Grandfield Rork Collins Consumer Finance.

S Mr A.L. Brend has been appointed chairman of THE BRITISH AVIATION Mr Terry Green has been INSURANCE COMPANY in appointed a director of succession to Mr Buchan TENSATOR, part of C.H. Industrials. He was sales Marshall who has resigned but remains a board member. Mr R.J. Taylor has been director of Uniqueair. elected deputy chairman. Mr John Stringer, managing

Following the resignation of Mr H.C. Bardy as president of OLD BEN (Newsvendors' Benevolvent institution) due to business commitments, Sir Simon Hornby has become ms successor.

Turnbull as director of finance S Mr Fernando Gonzalez has from July 31. He is head of group business development, been appointed managing director of PIRELLI Corporation, and succeeds Mr Bryan Lee-Smith who has become finance director of the

Chairman of Cheshunt

Mr Michael Davies, vice chairman, has been elected chairman of CHESHUNT BUILDING SOCIETY in succession to Mr Derrick J. Kaye who steps down as chairman but remains a director, Mr Ian T. Demoster. chairman of Sign and Metal Industries, has been made vice chairman.

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Arthur Young

AMEMBER OF ARTHUR YOUNG INTERNATIONAL Arthur Young, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

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Mr Edward Harris has been promoted to an associate director of BRADSTOCK, BLUNT (SCOTLAND).

Mr Richard Carter, formerly director of human resources at LADBROKE RACING, has been appointed sales director, a new post. He is succeeded by Mr Terry Gates who was operations director.

Mr Alan W. Hills has been Mr Alam W. Hills has been appointed managing director of the newly-created DAF INTERNATIONAL, Manchester, which will market all DAF and Leyland DAF products outside Europe. Mr Hills was export director of Langer Rece Lancer Boss

S Mr David Keys has been appointed chairman of HFC BANK, succeeding Mr Brian Weston who has retired. Mr Keys was deputy chairman.

Mr David J. Seale has been appointed marketing and business dvelopment director of AMERICAN APPRAISAL (U.K.), Manchester.

Walker.

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£000's	Carpany	Price	og week	din (q)	%	Pre
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5867	Bray Technologies	97	0	5.9	6.1	8,6
	Brenttill Cour Pref	105	0	11.0	20.5	
	Brenchill S' Her C.C.R.P	104	0	11.0	10.6	
1091	CCL Group Ordinary	287.0	0	14.7	5.1	- 35
2100	CCL Group 11% Com Prof	168	0	14.7	8.8	
16740	Carbo Pit (SE)	210	0	7.6	3.6	12.4
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FINANCIAL TIMES CONFERENCES RETAR FINANCIAL SERVICES London, 2 & 3 October, 1989

After e two year interval this conference is being hald again in London and the egende is remarkably full. The impact of the Single Europeen Merket on the retail financial services industry will be the principal theme of the opening day and the putlook in the United Kingdom, where the competition is increasing every dey, provides the focus of the second day. Among the speakers ere: James Larkin, American Express Europe Ltd; Silvio Malitius, Bundeskarteilemt; Charles Winter, The Royal Benk of Scotland Group pic; Cherles Green, National Westminster Bank pic; Don McCrickard, TSB Bank pic end Peter Sutherland, Chairman Designate of Allied Irish Banks pic.

EUROPE AND THE NORDIC COUNTRIES Stockholm, 9 & 10 October, 1989

The Nordic countries are having to adjust to developments in e European Community that is changing much faster than might have been believed possible only e year or two ago. The Single European Market will elmost certainly not be completed by the end of 1992 but most of it will be in place. Of the Efta countries Austrie hes made its decision to seek Community membership. The Nordic Efta members heve either to do the seme or make sure that Efta-Community relations ere developed in a way that does not leave their economies end businesses in the role of acceptors of decisions taken without any opportunity to influence what is decided.

At this important point for the Nordic countries the Financiel Times has decided the time is ripe for e high level two day conference on Efta-Community Reletions. This will look at conference on Etta-Community Relevants. This will look at government-Community issues with papers by Kjell-Olof Feldt, Swedish Finence Minister; Kalevi Sorse, Speaker of the Finnish Perliement, Jonas Gehr Store, Adviser to the Prime Minister of Norway and Thorsteinn Olafsson, Economic Adviser to the Prime Minister of Iceland, Denmerk which Is in both the EEC and the Nordic Group will be represented by Niels Helveg Petersen, Minister of Economic Affairs. The aims of business will be discussed by Paava Rantanen of Oy Nokia AB: Harald Norvik of Statoil; Andars Ljungh of Svenska Handelsbanken and Bo Ramfors of Skanding viska Enskilda Banken.

In the last twenty years the Financial Times has at such times held important conferences in and on the Nordic countries. This is probably tha most important.

WORLD MOBILE COMMUNICATIONS IN THE 90s London, 11 & 12 October, 1989

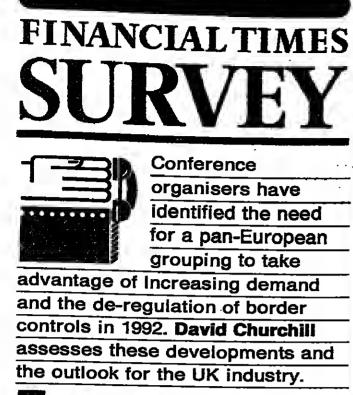
The axplosive growth of tha mobile telecommunications industry demonstrates tha importance for users of having access to reliable communications on the move. This second FT conference will provide en opportunity for operators, equipment manufacturers, analysts and users to review the rapid changes taking place in the market and to assess the opportunities that are being opened up by the growth of alternative products and services. Contributors include: John Shelby Bryan of Millicon, Roland Mahler of the Deutsche Bundespost, Robert Weisshappel of Motorola, Dr Stephan Pascall from the Commission of the European Communities, Andrew Glasgow, Marconl Communication Systems and John Cummings, Ferranti Creditphone.

All enquiries should be addressed to: Financial Times Conference Organisation 126 Jermyn Street, London SW1Y 4UJ Tel: 01-925 2323 (24-hour answering service) Telex: 27347 FT CONF G Fax: 01-925 2125

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European collaboration

exhibition organisers, facing tion of safety procedures and buoyant demand for exhibition electrical and construction and conference facilities across the Continent, are preparing to create a pan-European organi-sation to take advantage of the de-regulation of frontier controis after 1992

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Barlier this month representatives from some 40 exhibition organisations from across Europe met in London under the auspices of the UK's newly formed Exhibition Industry Federation to identify the need for such a grouping after 1992.

The meeting unanimously agreed that all European exhi-bition industry organisations should accept an invitation -made my Mr Victor Pou Serradell, bead of the European Commission's service industries division - to meet in Brussels to form a fully representative council.

The Commission, be said, was willing in principle to con-tribute funds for projects likely to benefit the industry as a whole

The London meeting identi-fied several areas for future pan-European collaboration: Creation of an authoritative and productive European exhi-bition industry "voice", able to speak and act on behalf of all sides of the industry.

EUROPEAN conference and
The need for standardisa materials within the industry. • The desirability of collective research to promote exhibitions as a marketing medium. • The need for effective representation of the industry's objective's at the Brussels Commission.

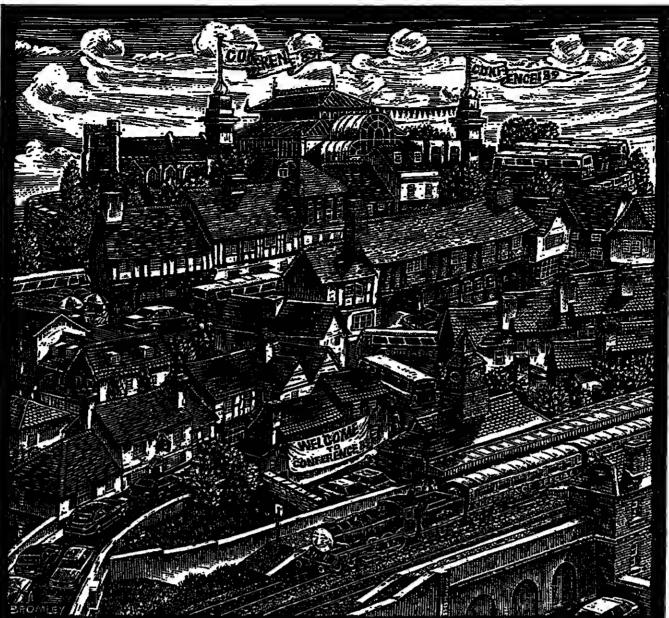
The worldwide demand from companies and organisations to get together at regular inter-vals for a conference or exhibition is becoming so great that competition to hold the top conventions is becoming almost as fierce as the scram-ble to host the Olympics. Hong Kong and Singapore

have both invested heavily in recent years in conference and exhibition facilities to attract the international conventions, especially in an attempt to lure US and Japanese executives to their cities.

NCR, the computer com-pany, recently chose Hong Kong as the meeting place for its international sales force. Mr Jerry Hall, NCR's director of special projects, says that "of course we were attracted to Hong Kong because of its loca-

tion but, more importantly, was the new conference and exhibition centre."

Several factors have fueled wealth and growth as trading



International Conferences and Exhibitions

the worldwide demand for conpartners has focused the minds ferences and exhibitions. Prime of airlines and hotels on the among them has been the potential for convention busibuoyancy of the world econ-omy in the 1980s which has ness in that region." In addition, companies from

encouraged the growth of international travel and busiwhatever country of origin have increasingly recognized the marketing and communicaness activity. Mr David Michels, sales and tions benefits offered by con-ference and exhibitions. Although the growth of telemarketing vice president of the Hilton International botel

communication facilities, would suggest that the days of travelling to conferences and chain, said that it is the Pacific Rim countries which in particular offer new opportunities. "Their increasing economic exhibitions is over, this seems far from the case. Most compa-

nies and their executives recognise the benefits of actually being together for a conference, either for the motiva-tional benefits of bringing

executives together or for the business opportunities that a conference or exhibition offers. Exhibition organisers, for example, point out that if it costs a company on average £150 for every sales call but only £30 on average to make a contact at an exhibition, then that is a big reason why exhibitions are good value.

Mr Harry McDermott, managing director of Exhibition Surveys argued that companies should establish their objec-tives before taking up exhibition space.

The picture of a typical exhi-bition visitor, according to Exhibition Surveys' analysis of some 4,000 research studies, shows that 5.8 hours are spent per visitor on average at a UK show, with 12 stands visited. Similar research in the US exhibitors and those attending exhibitions last year totalled found that Americans spent longer at exhibitions (7.8 £1bn for the first time. Of this,

UNITED KINGDOM

Venues invest to increase capacity

topping-out ceremony for Bir-mingbam's newest tourist attraction - the £148m International Convention Centre being built in the heart of the UK's second city. Although still almost two

years away from opening, the purpose-built conference complex will provide the UK with much needed large-scale con-ference capacity to enable it to compete with the best that cootinental European venues have to offer.

It will cater for events rang-ing from 30 to 3,000 delegates and include a 2,200 seat sym-phony hall for the City of Birmingham Symphony Orchestra under its conductor Simon Rat-

Given the long lead time for conference bookings, the ICC is beginning to be booked up for the early 1990s. The World Conference on Computers in Education, for example, bas just decided to bring its 3,000 delegates to the ICC in July 1995

Before then, the European Council of International

hours) and visited an average of 21 stands. Such research is a relatively rare commodity in the interna-tional conference and exhibitions industries, since statistics are fairly hard to come by. Some estimates of expenditure on UK conferences, for exam-ple, suggest that about £2bn a year is spent on meetings in the UK. The problem is that while large conferences are easily identified, the many thousands of smaller confer-ences beld each year are not taken into account.

A recent survey of 288 com-panies which use conferences, carried out by the Queen Eliza-

beth ll conference centre in London, found that product launches and relaunches were the most popular type of coo-ference – accounting for some 26 per cent of the total. This category was followed by sales force meetings (16 per cent) and dealer or distributor meet-

ings (8 per cent). The UK exhibition industry, however, has attempted to pro-vide some accurate evaluation of its activities. The Exhibition Industries Federation recently produced statistics which showed that expenditure by

LAST MONTH saw the Schools is bringing its annual topping-out ceremony for Bir- conference to Birmingham in November 1991. Mr Piers Armstrong, conference organiser, says that "the size and flexibility of the ICC makes it an ideal venue for our conference, espe-cially with the proximity of the

13

new Hyatt Regency hotel." The ICC bopes that it will quickly prove as popular as the National Exhibition Centre. based just outside Birmingham, which opened in 1976. Its success bas led to a £40m investment programme to add three new exhibition halls. Birmingham is not alone in

deciding to invest in new con-ference and exhibition facilities. The Earls Court and Olympia exhibition halls and conference centre, for example, has not only invested bearily in upgrading its existing facili-ties but has also expanded its operations.

Earls Court 2, at 17,000 sq m, will be the largest hall to be built in London for over 50 years. The hall will bring Earls Court exhibition space to 59,000 sq m which, together **Continued** on Page 3

British and oversess visitors to exhibitions held lo the UK spent some £475m while attending the 651 main exhibi-tions beld in the UK.

The figures represent a large attempt by exhibition organis-ers to produce credible statistics about a marketing medium which has traditionally been chosen more by luck than judgement.

"We are now able to satisfy our more demanding clieots," claimed Mr David Fasken, cbairman of the EIF. "Now managing directors, marketing directors, and advertising agencies can measure the size and growth of our medium."

But the UK conference and exhibition industry still bas some way to go to catch up with its cootinental European

counterparts. "There is a clear need in the UK for more exhibition facilities if we are to compete with the rest of Europe," pointed out Mr Michael Rusbridge, chief executive of Reed Exhibitions

Reed, like a number of other British conference and exhibition companies, bas decided that the best way into Europe is through acquisition. Last month it acquired the French-based Midem Organisation, an exhibition organiser, for an undisclosed sum.

Dates that feature in 9 out of every 10 calendars.

1989	and the local second
Jun. 30-Aug. 05	7th International Congress of Immunology in conjunction with Technical Exhibition
Aug. 25-Sep. 03	International Audio and Video Fair Berlin 1989 with
Aug. 30-Sep. 01	MediaForum Berlin 1989
Sep. 17-Sep. 22	14th Congress of the European Academy of Allergology and Clinical Immunology 1969
Sep. 27-Sep. 30	27th Oversees Import Feir "Partners for Progress" Berlin (Test Sales/Public Section until Oct. 01)
Oct 03-Oct 06	14th German Congress for Perinatal Medicine with specialist exhibition
Oct. 11-Oct. 13	SURFEC Berlin 1989 International Congress for Surface Technology with accompanying exhibition
Oct 11-Oct 14	buro-deta Exhibition of the Office Industry Berlin '89
Oct. 11-Oct. 15	bautec berlin '89 Exhibition and Congress
oct. 16-Oct. 18	43rd German Conference on Business Studies
iov. 06-Nov. 12	BIGTECH Berlin '89 Forum for Advanced Technology
ov. 22-Nov. 25	53rd Annual Meeting of the German Society for Accident Therapy
ov. 25-Nov. 29	ANTIQUA '89 Bertin 18th Sales Exhibition for Arts and Antiques
lov. 26-Nov. 30	6th international Recycling Congress 1989
1990	
Ian. 26-Feb. 04	International Green Week Berlin 1990 Exhibition for the Food Industry, Agriculture and Horticulture
ien. 29-Feb. 01	XVith International Film Competition at the Green Week Berlin
iar. 03-Mar. 06	(TB Berlin 1990 International Tourism Exchange
pr. 01-Apr. 29	20th FBK Free Berlin Art Exhibition 1990
lay 05-May 06	New Businesses Meeting Berlin 1990 Seminars and Exhibition
lay 08-May 10	ShowTech Berlin '90 International Trade Rair and Congress Entertainment Technology, Stage Engineering, Equipment, Organisation
May 24-May 27	90. Deutscher Katholikentag Berlin 1990 e.V.
un. 05-Jun. 09	Nedical Congress Berlin 1990 In conjunction with Pharmaceutical and Medico-Technical Echibition
Aug. 24-Aug. 28	InduTech '90 Berlin Exhibition for the Investment Goods Market
Aug. 25-Aug. 31	Vilith International Congress of Virology and International Symposium of Microbiology
Aug. 29-Sep. 01	28th Overseas Import Fair "Partners for Progress" Berlin (Test Sales/Public Section until Sep. 02)

(Subject to atteration: Situation 07/89)



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ing from public and private

sectors, and with the Greater

Manchester Council the driv-

ing force. When the council

was abolished in 1986 its inter-

est was transferred to a prop-

erty trust, which shares owner-

ship with Commercial Union.

This private sector support

ensured that G-Mex could also

get support from other public

sources, mainly £2.3m from the

European regional develop-

ment fund. The whole complex

was valued at £30m on comple-

permanent staff of 19, has not

enjoyed an altogether happy

relationship with Manchester City Council and, because of its ownership structure, cannot

join easily in other projects around it. However, it has been a catalyst for substantial inner

city regeneration. The old Central Station was a wreck used as a car park.

G-Mex, which is run by a

the private sector backer.

CONFERENCES and EXHIBITIONS 2

Moss Murray surveys the growing number of international gatherings in Europe

Communication in comfort

CONFERENCES, seminars, meetings, exhibitions and trade displays are becoming the natural commercial, industrial, social and scientific tools to help the European nations communicate with one another as they develop closer ties. in advance of 1992, countries

14

throughout the Continent are expanding, improving and building new conference centres in which experts and col-leagues can meet in comfortsophisticated able. surroundings to discuss and learn about the latest developments which mark the paths ahead in their different specialised fields.

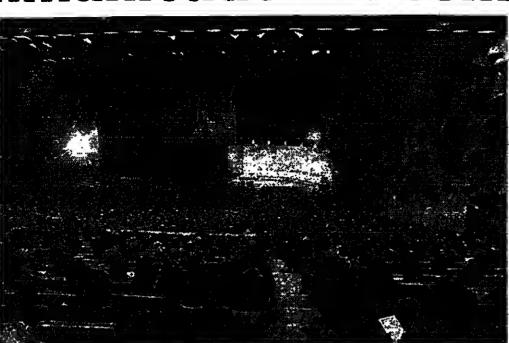
The annual statistical report from the Union of international Associations in Brussels, the bible of the worldwide meeting industry, revealed in its survey for 1988 that 5,001 international gatherings took place in Europe last year, compared with 4,399 a year earlier and less than 4,000 in

While Britain continued to attract more worldwide get togethers than any other coun-try. Paris still has the edge on London as the most popular city in which to meet. Last year Paris hosted 324 internaional meetings with the British capital in silver medal posi-tion followed by Madrid, Brussels, Geneva, West Berlin and Rome.

As Mr Geoffrey Smith said in his annual survey for the European Federation of Conference Towns: "Conference activity in Europe was lively in 1988," The fears aroused by outbursts of terrorism, particularly in Paris, pins retaliatory measures against countries believed to be enconraging violence, as well as disasters like Chernohyl, have been nentralised by the passage of time. The Americans have started crossing the Atlantic again for congresses, conventions and smaller semi-

But a lesson has heen learned. European destinations appreciate the dangers of putting too many eggs into a single basket and depending too much upon North American traffic.

"Marketing directed towards conference planners and incentive travel houses in Europe, the Middle and Far East, Australla, Africa and Latin America has grown . . . and we are



Paris boasis the Palais des Congrès which seats 3,700 people

the better for it," said Geofrey Smith Pride of place for the surge towards dominance in the worldwide meeting market place in Europe must, in the year when France celebrates the bi-centenary of its revolution, go to Paris. in the heart of the French

capital they have huilt the impressive CNIT congress and exhibition facility at La Defence, with two auditoriums seating 1,200 and 800, and both equipped with simultaneous translation systems, audio visual equipment and sonnd studios. A third salon seats 350 and there are a further 21 outer rooms for numbers total-

between 40 and 240. ling For receptions and banquets there are two multi-phrpose halls and a total of 19,000 sq metres for linked exhibitions. Paris also boasts the monnmental Palais des Congrès which looms high in the sky above the city with everything built around a spacious main hall with a seating capacity of 3,700, which can easily be reduced to 1,500.

On the other side of the city is the Cité des Sciences et de l'industrie, an ultra modern conference centre that has en uniquely designed to satisfy the needs of scientists, engineers and professional managers. The Gaston Berger

amphitheatre provides tiered seating for 930 delegates, while the Louis Armand hall is a 400-seater theatre that divides into two separate rooms each with a capacity of more than 200. Elsewhere in France there

are purpose huilt vennes for meetings at, among other locations, Nice, where the Acropo-lis can seat 2,500 in its Apollon auditorium, at Cannes which has a convention hall of almost equal size and excellence, and at Lyon, Angers and Nancy. But France is not Europe. Switzerland continuea to

in advance of 1992, countries throughout the Continent are

expanding, improving and building new

conference centres attract its fair share of confer-

ences although the 180 held in Geneva in 1986 fell to 152 international gatherings last year. The city still holds the num-

ber five slot in Europe. But Montreux, nnder the expert leadership of Mr Xavier Kempf and Mr Naseem Merali, the director of planning, is proving a magnet that attracts more of these conferences. Geneva is

FINANCIAL TIMES INTERNATIONAL CONFERENCES

competitive in the market place_

Stockholm realised several years ago that meetings mean money in the coffers of the city's hotels, restaurants, shops, boutiques and bars, and this year saw the opening of Norra Latin, a conference centre adjacent to the existing Folkets Hus.

Norra Latin was built in 1880 in the style of the Florentine Renaissance and became one of Sweden's most famous schools. Its role has changed and its five storeys offer facilities for 2,000 people to meet in armchair comfort.

It has 34 meeting rooms. Opposite is the Folkets Hus, which has been renovated, and can accommodate conferences with np to 1,500 participants. Stockholm now has the new Globe, a large domed structure in the city centre which is mul-ti-purpose building for sports. concerts or plenary sessions for as many as 17,000 delegates. Madrid, in bronze position in

Europe behind Paris and Lon-don, has re-opened its spacious convention centre and there are, in addition, a dozen excel-lent venues in the city which continue to attract large and

small meetings. Madrid has three luxury botels - the Ritz, Palace and Villa Magna - all with excel-lent meeting rooms - as well as small purpose hullt confer-Indeed, Mr Paul Lewis, Har-rogate District Council's direc-

ence locations. Barcelona intends to challenge the dominance of the Spanish capital as it prepares to host the 1992 Olympic Games. A conference centre with 2,000 seats is taking shape in the Olympic village and Hilton International is opening a 300 room hotel, complete with conference salons, in Decem

Granada promises a new convention centre for 1990, while Seville has opened a con-vention and exhibition com-plex which reminded me, when I was given a preview at the growth in the market." end of 1988, of a modern, but smaller, version of St Peter's piazza in Rome with its half circle colonade, plus a golden domed roof above the main and is growing this year. auditorium.

What about the UK? London still dominates the world scene in spite of not having a purpose built convention centre to compare with those in Berlin, probably the finest in the world, Geneva, Strasbourg, Maastricht and Monte Carlo.

The British capital has largely concentrated upon proby people attending exhibitions viding facilities and services and conferences is running at rather than the large conven-tions in deluxe hotels such as the Grosvenor Honse, Savoy, Inn on the Park and Hiltons, It is a policy that has paid divi-dende dends. Now, however, it is being challenged by Birmingham where the £121m International Convention Centre is ahead of schedule for opening on April

of Yorkshire and Humberside, as well as the bulk of the Mid-WHEN THE G-Mex centre an imaginatively converted Victorian railway station with lands. Moreover, the motorway network can get them to G-Mex 135,000 sq ft of floorspace within 11/2 hours. opened in Manchester city cen-

The figures are more imprestre in 1986 it was thought it sive when compared with Lonmight offer stiff competition to don, where a circle of 75 miles Harrogate, the north's other radius, has only 1m more peobig exhibition and conference ple in it. Overcrowding and congestion makes it doubtful whether all of them could get to, say, Earls Court in 90 min-

G-MEX AND HARROGATE

Niche market plans

accessibility hss This enabled G-Mex to go for exhibitions which Harrogate cannot, such as Ideal Home and the northern Money Show, and northern Motor Show, where the aim is to pull in a lot of people. Last year about 1m vis itors passed through G-Mex's

Mr Winter says: "Birming-ham's National Exhibition Centre is 11 times our size and we could not hope to compete in many areas. But we can



Harrogate Conference Centre: known as the Supercentre

on rapid growth in the conferences and exhibitions market. fight for share in enough niches to operate profitably." He says: "We have five other Manchester Airport, which halls which were built in 1951 has international gateway staand which are not as good as tus and a growing list of inter-national scheduled services, is our new facilities. They are in a complex with three on the ground floor and two others below them. The council is another selling point. It means that G-Mex can compete for international exhibitions. now thinking of replacing them with more modern facili-

"We are getting some on the international circuit which will ties because we have not got room at the right time of year keep coming back every three years or so," Mr Winter says. Textiles and cloth is one examto take advantage of the Nationally, there were 180 exhibitions in 1983 which the ple: Paper - staged by the European paper industry -will be at G-Mex this year and industry classed as "major." The figure was at 320 last year, will return in the 1990s.

The mixture can therefore be, of international, national and regional shows, with a mixture within that of trade and retail marketing. Apart from furniture, shows have covered heating and ventilating, storage and handling, textile technology and machinery, north-west industry, personal computers, caravans and ski-ing.

G-Mex cost £22m, with fund-

Ian Hamilton Fazey



tion.

The area around it was run-down and seedy. Six largehotels have opened in Manchester since G-Mex was completed, either refurbishments or new ones.

The city council and the government-backed urban development corporation are negotiating with developers now for a new concert hall and confer ence centre on adjacent land. Other developments nearby are in hand.

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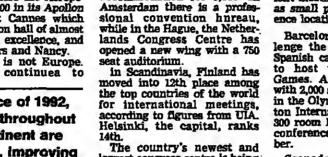
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G-Mex is therefore established and playing an impor-tant role in regenerating Manchester. Mr Winter says: Harrogate is in a sense our blg competitor in the north but the exhibition business has grown so much in recent years that there has proved to be room for both of us. In many ways, we both work to promote the exhibition and conference industry in the north. Our facilities match up to anything in Europe."



little more than half an hour

away and can be reached by

convention centre features

some of the most advanced technological features in

There are 25 conference rooms, the largest having

accommodation for 3,000. In

road, rail or lake steamer. In Holland the Masstricht

Europe.

largest congress centre is being built at Tampere and is on schedule for opening in June

1990 with the World Congress on Sport for All. The main salon will have accommodation for 2000, plus a second auditorium for smaller gatherings of up to 550. Oslo, too, is planning for the

future with a 4,500 seat audito-rium being built at the Spektrum. Bergen reported a 33 per cent rise in its meetings busi ness in 1988 and is now planning a new conference centre to make the city still more

centre Yet both places have been doing very well, with only one big switch of business between them that does not really count anyway. This was the

Furniture Show, the national exhibition of the British Furni-ture Manufacturers Association. It started in Manchester in 1959 hut went to Harrogate when Belle Vue closed down. It returned home after three years' exile when G-Mex.

opened. Last year G-Mex staged 48 exhibitions and expects to beat that in 1989. It is also developing a profitable sideline in sporting contests, rock and symphony concerts and other events. For example, Barry McGuigan made his televised hnt abortive comeback there

tor of resort services, thinks

that the North Yorkshire spa

town may even be missing out

this spring in the boxing ring. Meanwhile, Harrogate – which opened six years ago – is huliding up to full throttle.

per cent, so as to leave time for repairs and maintena

This year its international Cen-tre will reach 72 per cent occupancy based on a 365-day year. The maximum allowable is 85

AUTUMN / WINTER 1989 CALENDAR

World Motor Conference 13 & 14 September – Frankfurt

Retail Financial Services 2 & 3 October – London

FT City Course 9 October – 27 November – London

World Mobile Communications in the 90s 11 & 12 October – London

Re-Regulating Europe's Financial Sector 16 & 17 October – London

Financial Times/ **Price Waterhouse Capital Markets** Workshops

16, 17 & 18 October, 15, 16 & 17 November and 4, 5 & 6 December – London

U World Motor Conference U City Seminar C Retail Financial Services C Business with Spain FT City Course 🛛 European Food & Drink U World Mobile U . World Shipping Communications U World Electricity Re-Regulating Europe's Financial Sector World Telecommunications Capital Markets Workshop

City Seminar 31 October, 1 & 2 November – London

Business with Spain 6 & 7 November - Madrid

The European Food & Drink Industry 8 & 9 November - London

World Shipping in the 90s 14 & 15 November – Amsterdam

World Electricity 16 & 17 November - London

World Telecommunications 4 & 5 December – London

World Pulp & Paper 12 & 13 December – London

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The centre has 11 halls and has been planned by experts within the industry to meet the needs of those organising con-ferences for numbers ranging from 30 to 3,000. Harrogate's market is a trade and business one. Although it boasts about its Although it boasts about its easy accessibility, this does not compare well with Manches-ter's when it comes to shifting hundreds of thousands of peo-ple. Its Bridal Show each Feb-ruary is non-trade, hut clearly a niche event. The Institute of Water and Environmental Management will be one of the first to use

2, 1991.

will be one of the first to use the facilities when they open because, according to IWEN conference organiser, Ms Lavi-nia Gittins: "We looked at ven-ues all over th UK, but the ICC was the only one which met all our requirements." Harrogate is more generally a place for overnighting at short conferences and semi-nars, with easy access to the tourist attractions of the dales, York, Bradford's new museums The Law Society, represent-ing more than 55,000 solicitors, will move in, in 1992 and more than 450 rooms have been booked at the new 5-star Hyatt Regency which is part of the and the moors for accompanying spouses or an extended stay. Some of its exhibitions have

Birmingham ICC complex. Stamford in Lincoinshire claims to have the English claims to have the English answer to unusual venues. The Stamford Shakespearean Com-pany has thrown open its doors to the meeting industry hy offering Tolethorpe Hall, a 16th century manor house for com-pany-gatherings.

At G-Mex, Mr Frank Winter, chief executive, is exploiting some unique selling points. One of the most important is Manchester's road, rail and air Shakespeare would have approved. The Bard always liked the idea of lively meet-ings and was, probably, the best speech writer of them all. links. There are 16.5m people within a 75-mile radius, taking in the whole north-west, much

jobs in the private sector and 80 in the local authority.

become important events for the industries that stage them,

Harrogate spent £32m on the International Centre to open in

time to catch the boom. The

investment has been worth-

while enough to encourage

expansion. Research has shown that what is called busi-

ness tourism is becoming an

important plank in the local

The direct spend in the town

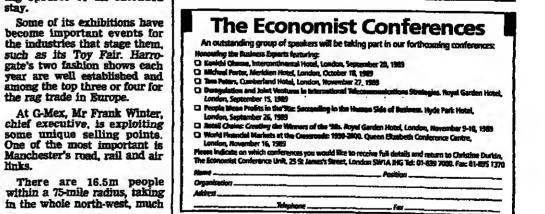
Mr Lewis says: "Because we have a powerful means of attracting people who spend quite large sums of money the private sector has invested in hotels, restaurants and shops which would not be here otherwise. This puts money into the local economy and leads to more rates paid to the coun-cil."



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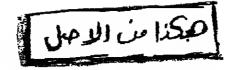
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CONFERENCES and EXHIBITIONS 3

FINANCIAL TIMES MONDAY JULY 24 1989

CANBERRA, the vetaran cruise liner from the Falklands Campaign, has just - for the first time - been chartered as an entire ship for a floating conference and exhibition venue

Next June the Personal Investment Marketing Show (PIMS) will be holding its con-ference and exhibition aboard the Canberra for some 70 leading life insurance and unit trust companies.

We believe Canberra repre-sents the ideal location for PIMS 1990 as it offers excellent facilities for a focused forum over two concentrated days which will address the strategic issues facing the industry in the 1990s," points out Mr Mark Rayner, managing director of PIMS.

PIMS'e decision to adopt a floating conference and exhibi-tion reflects the growing popu-larity of corporate cruising. Conference cruising has become attraction in the second become attractive in recent years for several reasons: • It is perceived as a luxury trip by participants, even though the cost may be no more than an ordinary confer-

ence meeting in a city. Costs are more easily controllable since all main charges are included (although not usually personal expenditure aboard or ashore).
All participants are kept in

one place, unlike the usual conference destination where delagates can wander away from the organis

• Cruise ships have all the facilities of shore-based hotels, such as restaurants and swim ing pools as well as on-board nt such as cabaret, samhling, and dancing. • Cruising is flexible - loca-



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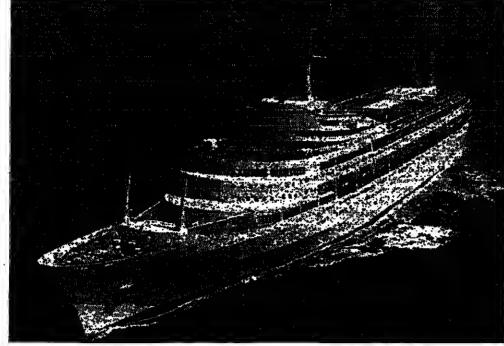
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Canberra, the veteran cruise liner, hosts the Personal Investment Marketing Show

FLOATING VENUES Corporate cruising

tions can be varied to suit the conference and days at sea reg-

Mr David Dingle, commercial director for Canberra Cruises, says that "we have the opportunity to combine in an almost unique fashion, excellent exhihition areas, ideal corporate entertainment, and the ability

to retain a captive audience. ferences in recent years. Last month, for example, it took over the Royal Viking Sky cruise ship for three six-day "All the factors are provided by one single supplier as a complete comprehensive pack-age which makes organising conference cruises in the Medints so much easier for proterranean involving over 2,000 employees. This was the sec-ond time in three years that Allied had chartered the ship. "The initial charter in the spective clients." The UK financial services group Allied Dunbar has been a firm supporter of cruise con-

HOTELS Criticised over prices

should affect charges. One in every five of those surveyed also said that final accounts did not correspond to HOTELS are at the sharp end of the conference and exhibition business. They are big players in their own right -sapplying exhibition and con-farence space - and are initial quotations and hudgets presented by the venue. But the biggest criticism in

responsible for providing the accommodation essential for any meeting to be a success. the survey concerned alleged over-pricing. Eight out of every 10 felt that hotels and Yet hotels and the executives who use them have some-thing of a love-hate relationother venues charged excessive bar prices, while two-thirds said that flowers cost ship. Hotels are a necessary part of the meetings industry, but many organisers feel they too much. Nearly three-quarters of the survey criticised the cost of andio visual equip-

could do better. A survey of over 300 confer Hotels are not oblivious to ence organisers carried out by Peter Rand Conference Placethese concerns. "It's the small ments, venue finding agency, found that only one in five felt that hotels and other venue

Countryside settings

tor conterences are

particularly in vogue

details, impeccable and unob-

trusive service which matter as anyone who has attended a

meeting which failed to

deliver on these points will know only too well," points

out Mr David Michels, sales

and marketing vice-president for Hilton International

Caribbean was a huge success and exceeded all our hopes and expectations," says Mr Patrick Purdon, convention and promotions director for Allied Dunhar. We had a long hard look at the options available to us but

none came really close in terms of all the numerous facilities, luxury and entertainment that Royal Viking offers."

Not all cruising conferences, however, need be in the luxury class. Scandinavian Seaways, for example, is promoting "business packages" on its pas-senger/car ferry routes from Haumich in Cardion Descent Harwich to Sweden, Denmark, and West Germany. A basic three-day delegate package costs £70, which includes a return sea crossing,

two nights accommodation with breakfast and dinner, and with breaking trip on arrival at the destination. "We have spent several mil-lions on refitting our fleet," points out Mr John Crummie, sales and marketing manager

for Scandhavian Seaways. The ships can provide a useful way of allowing corpo-rate guests to become

acquainted with one another in an informal way whilst en route to their final destination

Cruising conferences, more-over, also need not be on such large shipe. Travel organisers Abercrom-bie and Kent, for example, have arranged for companies to charter their small luxury barges ~ complete with heated

swimming poole - to sail down idyllic French rivers while senior executives discuss

David Churchili

however, try to provide complete conference packages for large scale meetings. Marriott's most innovative move has been the introduc-tion of the No-Risk Meeting aimed at ensuring the success of a conference. Under this system, every one of its 200-plus hotels has an

executive meeting planner responsible for each meeting, no matter how large or small. Marriott guarantees a 24-hour response to special requests and operates a "master bill-ing" system to simplify invoic-The Hyatt hotel chain has just launched its "Moroccan

for VIPs.

sin

Brief" aimed at attracting conferences to its newly-renovated

FLORIDA

year. This will add over 2,000

rooms as well as some 200,000

The downside to choosing

"While both entertainment

isewhere, the overall package

may be too costly for some

economy-minded groups."

WDW as a conference venue is

sq ft of facilities.

its potential cost.

Popular for work and play

FLORIDA is not only one of hotels on its property which it runs itself - such as the Conthe most popular long-haul destinations this year for holitemporary Resort which has a daymakers but is also becom-ing one of the top venues for international conferences both monorail train rnnning through the centre of the hotel. In addition, there are seven from within the US and from other hotels on site, operated abroad, especially the UK. Its popularity with conferby leading chains such as Trusthouse Forte or Hilton.

ence organisers stems from its accessibility as a conference venue, its chimate, and – espe-cially over the past year – the Disney's new-found enthusiasm for conferences has led to the development of a hotel and favonrable exchange rate against most European currenconference complex to be completed by the middle of next

Conference organisers see Florida remaining a popular destination, although the US dollar is strengthening against **Conference** facilities are scattered all over Walt Disney World

sterling, "It has everything you could want from a conference venue," enthuses one organer. "It's not too far from anywhere in the US or Europe, it has a good climate most of the year, and it has the world's number one tourist attraction in Walt Disney World." The Walt Disney company in

recent years has increasingly recognised the value of the conference market in making a and banquet prices at WDW are at least comparable to (and occasionally less than) those greater use of its entertain-ment and leisure facilities at its Walt Disney World theme parks just outside Orlando in central Florida. According to points out Mr Birnbaum. Yet Disney helieves the unique conference organizers this is a marked change from a few years ago when conference groups were not given such a high priority.

The fact that the readers of 'Meetings and Conventions' magazine in the US continually rate Walt Disney World among the nation's top meetings ven-ues suggests the quality of the meetings that the WDW con-vention staff can help create," points out Mr Stephen Birnbaum, travel guide editor and author of a guide to the Disney theme parks.

"While other meetings centres may outstrip Walt Disney World in some single area, the total meetings package accommodations, food, service, diversions, and meeting facili-ties - has few equals," he adds.

Disney's new approach to conventions means a greater flexibility to belp provide extra services. When one meeting of chief executive officers, for example, required an individually controlled microphone for each of its 65 delegates, the Disnay sound department designed and executed an elab-orate control grid for just that event When another group

experience it offers at WDW is worth a premium Florida's popularity as a conference centre, however, extends to other areas of the

state. Tampa, on Florida's west coast, is one of the fastest-growing cities in the US and is making special efforts to boost its conference business. A \$130m convention centre is

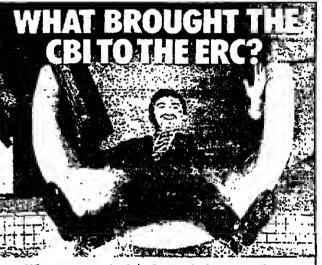
to open next year to complement existing facilities, although more hotel development is urgently needed.

Tampa was recently chosen by the National Tour Association, the largest domestic travel association in the US, as the venue for its annual spring conference. Some 1,500 dele-gates spent three days in the area, including a special night at the Busch gardens theme

Busch brewery. Busch Gardens combines a zoo, safari park, and thrill rides and makes special efforts to attract conference business. Mr Mitch Kirchner, director of conventions for the National Tour Association, says "while we rarely go back to the same place twice we are considering returning to Tampa for our fall convention in 1995.

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es such as the Etlingham Park gym attract organisers

Investment in venue capacity

Continued from Page 1 with the Olympia facilities, means that total floor space will reach 100,000 sq m - and make it the largest privately owned exhibition centre in the

Earls Court 2 will be situated at the south-west corner of Earls Court and will replace the Pembroke Hall and car

Mr Howard Phelp, Earls Conrt Olympia's chairman, says that "as market leaders in the UK industry - we stage over 90 events a year - our research shows that, given the choice, most people prefer to come to London for their exhi-

bitions adds: "We are confident

that the additional capacity will provide for the increased trade show activity which we may expect to arise from the removal of European trade bar-riers after 1982."

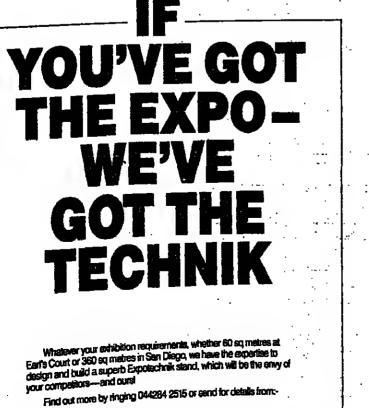
London's popularity as a convention city was given a strategic lift by the opening in 1986 of the Queen Elizabeth II conference centre close to the Honses of Parliament The centre staged come 500 confer-

annual general meetings of all sizes last year, including company annual general meetings, prod-uct launches such as the relaunch of the Ford Sierra,

and sales conferences. Mr Chris Edwards, the QE ll's business manager, eays

head projector is passing into history and even fairly modest internal company meetings are now making use of professional production companies, with high-tech audio-visual and video presentations," he says

In addition he points out that participatory events are growing in popularity, espe-cially for sales conferences. "One recent example of this was a carefully orchestrated game show for sales executives, based on the television programme the Krypton Fac-tor","



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Hilton International, part of the Ladbroke Group, reports that conferences are becoming more sophisticated.

felt that the length of stay

that conference hnsinese throughout its 141 worldwide The lecturer with his overhotels amounted to more than \$200m last year and estimates that this business is growing at a rate of 10 per cent a year. To meet this demand, Hilton has added new conference and small meetings facilities to 17 of its hotels in the last year.

Hilton is not alone in expanding into conference facilities. Copthorna Hotels, owned by the Aer Lingus air-line, recently bought the up-market Effingham Park Hotel and conference centre located in 49 acres of West Sussex park land

Countryside settings for con-ferences are particularly in vogue at present, since they offer an away-from-it-all meeting place for small conferences and meetings. The Lygon Arms in Broadway, Worcestershire, is a popular choice with many large companies

The Lygon Arms is part of the Savoy Group - which also includes the Berkeley, Claridge's and Connaught up mar-ket London hotels. All of these are keen to attract conference business, although they tend to lare the smaller meetings involving senior executives. Large international chains



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Hyatt Regency hotel in Rabat, Moroccos: This, conference package includes deluxe accommodation with a suite requested a single-slab confer The importance of confer-

ence business to hotels is reflected in the willingness of large chains to go to virtually any lengths to keep delegates happy. The Mandarin Oriental Eccot (the science-based theme park in Disney World) pavilion, Hotel gronp, for example, whose hotels are voted by ss travellers among the best in the world, is willing to

offer tailor-made programmes for conference delegates. These include theme parties at the Oriental Hotel in Bangkok, where the hotel restau-rant is transformed into a traditional Thai farming village and guests wear village cloth-ing. However, the up-market

age is important. "Getting the right group is essential," says Ms Julia Camp, Mandarin Oriental's regional sales director in the Luxury hotels such as the Mandarin Oriental Group are

not alone in chasing confer-ence business. At the other end of the market, Warner Holidays is also charming conference delegates. Warner, part of Mecca Lei-sure, operates 16 holiday camps throughout the UK and has lured ench names as American Express, Hogg Robinson, and Lyons Tetley to its camps. Mr Bob Daykin, Warner sales director for con-

ferences, says Warner had its first conference customer only three years ago. "I see dramatic growth in the conference business for

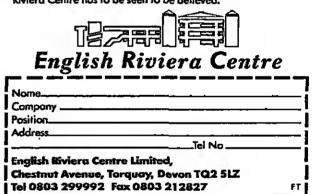
Warner as more and more peo-ple feel ripped off by extortion-ate rates for poor service in mediocre botels," he says. DC

ence table to seat 30, Disney carpenters built one on site at three days notice. Disney's flexibility also extends to booking parts of the theme parks exclusively for conference delegates, a change from previous policy. An entire

> for example, can be booked for a single meeting group. Disney's conference facilities are scattered all over the Walt Disney World area, although the bulk are concentrated at tha Contemporary Resort hotel (which is used mainly for large groups) with the WDW Conference Centre designed for smaller meetings.

Disney has a number of

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LEGAL COLUMN

Self-interest threatens white paper proposals

By Robert Rice, Legal Correspondent

THE REVISED proposals relating to the role and structure of the Advisory Committee on Legal Education and Conduct - outlined in last week's white paper on legal services - have started a fierce debate among law-

16

Do they or do they not give the four senior judges an effective veto over any rules the professional bodies may draw up covering rights of audience, the conduct of litigation, and the conduct of lawyers?

The original green paper proposal was that the Lord Chancellor's advi-sory committee on legal education should be reconstituted to form the Lord Chancellor's advisory committee on legal education and conduct. Its main functions would be to advise on the arrangements for legal education the arrangements for legal entication and training; the need for schemes recognising areas of specialisation and how specialists should be trained; and on codes of conduct. Acting on advice from the commit-tee, the Lord Chancellor would recog-

nise professional bodies as competent to authorise individual practitioners as specialists in a particular field, if he was satisfied that they could pro-vide the proper education and train-ing, and exercised sufficient control over their members to ensure that satisfactory standards of conduct and behaviour were maintained and enforced

The Government also proposed that professional bodies whose members wished to offer advisory and advocacy services would be required to prepare and submit codes of conduct covering these areas to the Advisory Commit-tee for its endorsement. The Lord

Chancellor would set the principles, which would have to be embodied in the codes.

These were the proposals which attracted the most hostility from the profession. The judges and the Bar in particular argued that the functions to be given to the Lord Chancellor, ostensibly in the interests of obtaining greater consistency between staning greater consistency between stan-dards applied by various professional bodies, represented a significant transfer of power to the Executive from the independent professions and the jndiciary - which, as the Bar pointed out, had until now been the sole arbiters of the requirements for advocates in the higher courts. Under the white paper proposals the advisory committee will now have a "purely advisory" role. Its prime

a "purely advisory" role. Its prime function will be to give advice to all bodies authorised to grant to their members rights of audience, the right

to conduct litigation or the right to prepare probate documents. It will also advise the Lord Chancel-lor and the heads of the four Divisions lor and the heads of the four Divisions of the High Court, Lord Lane, the Lord Chief Justice, Lord Donaldson, the Master of the Rolls, Sir Stephen Brown, President of the Family Divi-sion, and Sir Nicolas Browne-Wilkin-son, the Vice Chancellor, on "the arrangements for ensuring appropri-ate standards of competence and con-duct in the provision of legal ser-vices".

The professional bodies (initially only the Law Society and the Bar Council), the Lord Chancellor and the judges will all be required by statute to have regard to advice from the committee on the discharge of their

statutory functions. The committee's advice will be in public, a point which may become crucial if disputes arise between any of the parties as to what should or should not be allowed. The change in the role of the com-

mittee immediately reinforces the self-regulatory role of the professional bodies by making it clear that they will prepare the regulations and codes

New rules or codes four senior judges

which will set the qualification stan-dards and practice requirements for advocacy and the conduct of litigation, acting on advice from the com-

Any new rules or codes will require the concurrence of the Lord Chancel-lor and the four senior judges before

they can become effective. Both the Lord Chancellor and the judges will be advised by the Advi-sory Committee in making up their minds The spectre of state interference is

further reduced by making the advi-sory committee independent of the Government, running its own proce-

dure and appointing its own mem-bers, including its chairman who will be a Law Lord or a High Court judge. The initial reaction to these proposals was that Lord Mackay had been

very clever indeed. He had drawn the teeth of the judges by bringing them more for-maily into the regulatory process. However, by making the deliberations and views of the advisory committee public he had made it very difficult for the judges to block proposals which everyone else concerned had

publicly approved. Privately, however, Lord Mackay is said to accept that, although it might be difficult for them to do so in such a public forum, if any one or more of the four judges objects to a rule or part of any regulations drawn up by the professional bodies, that will be sufficient to prevent it from coming into form into force.

In other words they do have a veto If they choose to use it. The use of such a veto would, how-

The use of such a veto would, how-ever, abnost certainly lead to judicial review proceedings. If, for example, one of the judges chose to block rules drawn up by the Law Society governing the rights of solicitors to appear as advocates in the higher courts, the society would almost certainly seek a indicial review of the decision. It would do so either on the ground

It would do so either on the ground that he was in breach of his statutory duty to have regard to the advice of the advisory committee or, siterna-tively, that his decision was unreasonable on Wednesbury principles - that on the facts as he knew them or ought to have known them, he failed to take

LEGAL APPOINTMENTS

into account all the relevant factors, and his decision was one which no reasonable senior judge, properly directing himself as to his duties, could have mached could have reached.

We would then be faced with the embarrassing and somewhat ridicn-lous spectacle of a High Court judge reviewing the decision of one or more of his senior colleagues. Whichever side lost the argument

at first instance would almost certainly appeal the decision, resulting in costly and potentially lengthy litigation right up to the House of Lords.

Who would foot the bill? The profes-sion would meet its own costs. But if the judges ultimately lost who would pick up their bill? Would it be the taxpayer?

It is not difficult to see that such a situation could quickly degenerate into farce.

The Lord Chancellor says publicly that he is confident that this will not happen.

He, the professional bodies, the judges, and the committee, will work together like gentlemen. There will be healthy debate, no

doubt, but all conducted in public and above board. Already this begins to smell of the sort of compromise we came to expect from the quangos of

the seventies. He may be right, but on the other hand there has been very little in the reactions to the Government's reforms of either the profession or the judiciary so far, to suggest that rational, calm and objective asses ment will tripmph over naked selfinterest

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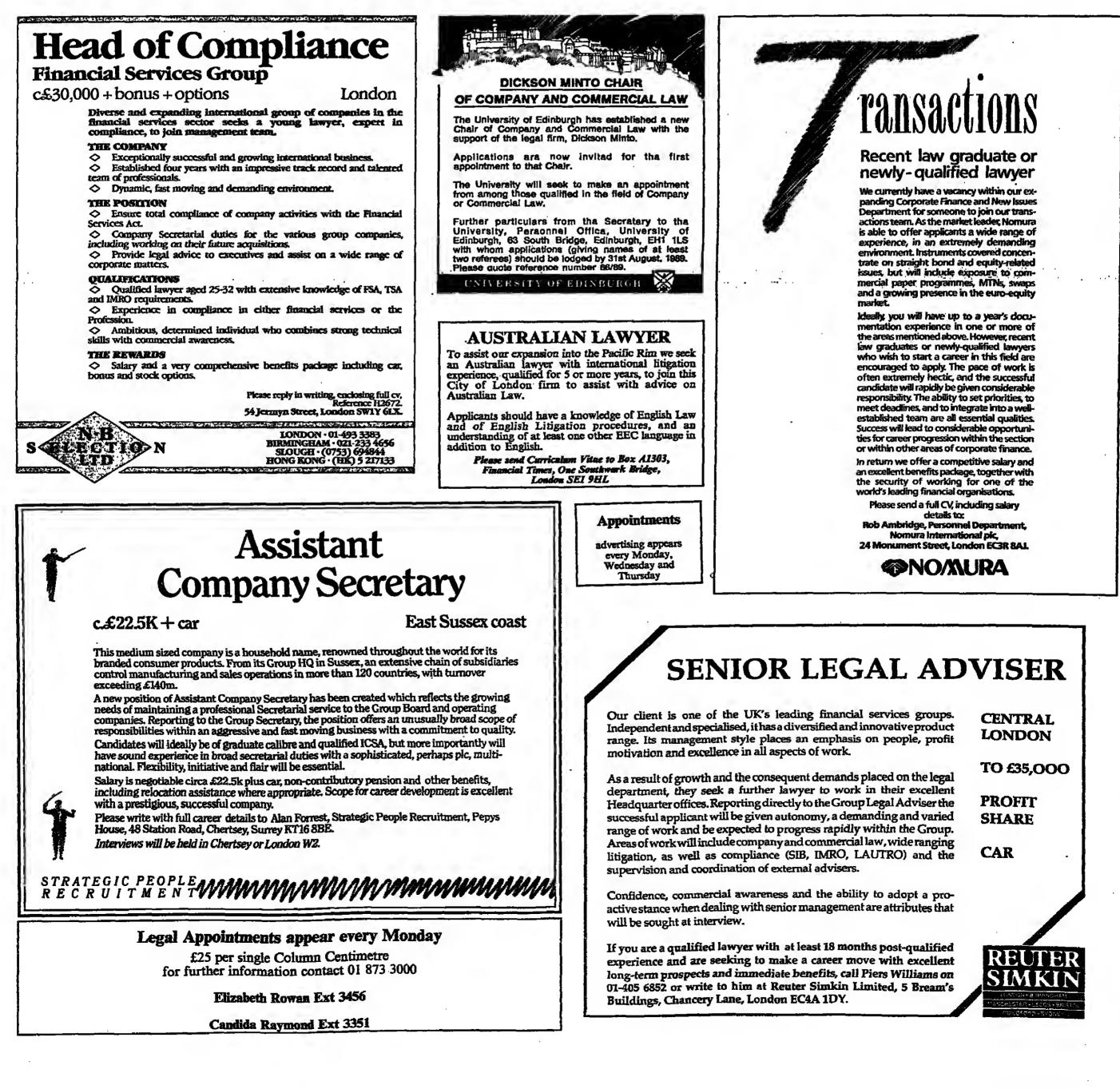
For their part most final year students are aware that market power has switched in their direction. They are more likely to scrutinise closely the prospects of a sector and compare what each employer has on offer before embarking on a career.

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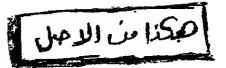
The survey will be given free of charge to every final year student in the UK as well as those attending the top five universities in both West Germany and

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FINANCIAL TIMES



will require the concurrence of the Lord Chancellor and the



ARTS

FINANCIAL TIMES MONDAY JULY 24 1989



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The Man Who Came To Dinner BARBICAN

This pièce à clef is perhaps the best of the peerless comedies that resulted from the play-writing partnership of Moss Hart and George S. Kaufman. It celebrated their friends, chiefly the incorrigible Alexander Woollcott, critic, man of letters, and wit. In the mon-strous figure of Sheridan Whiteside they created a giant car-toon of the media favourite before the media were thus labelled, rather unfairly get-ting the best of all worlds by heing deemed intellectually being deemed intellectually okay in the Algonquin coterie while idolised by adoring club-women on the American lec-ture circuit and holding a pop-ular radio audience spellbound. A mixture, in short, of Bernard Levin, Gilbert Harding and Codfrees Warm

Godfrey Wynn. In addition he was rude; very, very rude. Few people greet their friends automatically with "Hello, repulsive." Even fewer make a habit of it. This hilarious, almost anar-chic, contempt for the social miceties, the abrasive self-suffi-ciency, makes Whiteside a gem of a part. It was created in London hy Robert Morley with

deployed this season as Prospero - what a double!) to its full range, at times recalling the mellifluous sealion bark of

Rex Harrison - by a happy coincidence present in the stalls on the first night. Mr Wood *explains* the role rather than living it. Techni-cally he is a delight, hnt as yet little more. The production requires a great deal of shouting: from the harassed nurse who leaves to work in a munitions factory to the elop-ing daughter of the household, whose sense of fun and gentle ironies are delivered reproach-fully, finally with shrieking aggression. There is nothing

casual about the comedy. Per-haps this approach was deemed necessary with the puristic text used: all the topical references are in - William Beebe, Polly Adler, Felix Frankfurter. In a way admira-ble, hut even Shakespeare isn't treated this slavisbly.

More Englishness from Raiph Fiennes whose well-bred and melodicus tenor bespeaks more English classical training than is good for a small town American newspaper man. But full marks to Maureen Beattie

ARCHITECTURE Competition points the way to a brighter future

as harmony broken out in the architectural world? Certainly last week, at the presentation by The Prince of Wales of the Financial Times Architecture at Work Awards for 1989, there was strong sense of agreement that the range of winners represented something of a watershed. The most important aspect of this year's award was the high quality within a range of styles. As the Chairman of the Financial Times, Lord Blakenham, made clear, so

Lord Blakennam, made clear, so many of the arguments about contemporary architecture are about style and not about quality. This year's winning building, the Law Courts in Truro, Cornwall by architects Evans and Shalev, received abnost universal admiration because it demonstrated both originality and

respect. Its originality comes in the very subtle planning, which ensures an almost processional route through a series of handsome spaces of a public series of handsome spaces of a public nature. The high, top lit circular hall has a dignity and, at the same time, a familiarity. There is a resonance of the crussder tent, the Pantheon, a round church of the Knights Templar - none of these is specifically referred to, but the implications are strong. It is when the architects attempt to copy the classical past

attempt to copy the classical past accurately – in the case of Truro, the pediment over the entrance – that they are less successful; the pediment has become too abstracted; all it demonstrates is that classical architecture is more than geometry. The real lesson to be learned from the Truro Law Courts is very much

an urban one: the new huilding respects the town. Not only that, it adds strongly to the town's character, enhancing the skyline with a potent form that identifies the presence of the courts. The architects mentioned the courts. The architects mentioned to me that they would have liked to have had a dome to crown the courts, and there is no doubt that would have added a sublime element.

production unit in part of the Peak District National Park on the edge of Sheffield is very challenging and the solid stone structure shows that he, although a "high-tech" designer, is local tradition.

prepared to be flexible and to respect Hopkins is one of Britain's most established and respected architects and is currently converting and adapting the former home of this newspaper, Bracken House by St.

Paul's, into a home for a Japanese financial institution. As in the Peak District, he is prepared to learn from The circular form - this time the past and, by respecting tradition,

make progressive huikdings entirely acceptable. As architect to the V&A, he plans to remove much of the bad treatment of the past that has so damaged the museum's buildings, his inspired by the more mundane, the original gas holder on the site – also suits the factory for making cutlery designed by Michael Hopkins for David Mellor. To build a craft-based plans emphasising the original character of the Victorian architecture and particularly to understand the original Intentions of Sir Aston Webh's Edwardian wing. And in his proposals for the "new

Roof structure from below: inside Michael Hopkins' factory for David Mellor courtyard into a roofed, five-storey contryard into a rooted, investory speciality shopping centre by architects Hugh Martin & Partners, is a trinmph. It avoids all the cheap fakery so often associated with shopping malls, but does not eschew an element of entertainment. The great staircase, with its Glasgow School inspired ironwork, is in the tradition of the 19th-century Bon Marbie store in Paris At thet fumous Marché store in Paris. At that famous shop, the architect Louis-Charles Boileau made his sinuous curved staircase the climax of his grand design. The success of the Glasgow shopping centre proves beyond doubt that the public loves beautiful places, and that some extravagance in embellishment is much appreciated.

There is sometimes a caution about retail development - little money is

spent beyond the corporate image. Zola would have understood the sensuous possibilities for shopping centre designers - to make "a Temple to woman with a legion of shop assistants hurning insence before her." Prince's Square makes Peter Jones look boring: is it to be the first of many enriched environment for retailers?

17

The husiness park has the potential for the mixture of work, leisure and landscape facilities on a scale that makes it a threat to the urban environment. Why sit in the Underground or sweat in the City when you can stroll among the trees and lakes of Stockley Park near Heathrow? There are many other examples of the husiness park, but the assessors thought that this was the very best they had seen. It is a remarkable rehabilitation of some 350 acres of former gravel workings and ruhhish tips. There will be 250 acres of landscaped parkland and a golf course. The architects chiefly involved in the early huidings are involved in the early huildings are Arup Associates, who successfully banished the image of the tin shed and replaced it with clegant glass pavillons with pitched roofs. Other hnildings hy Foster Associates. Geoffrey Darke, and Troughton McAslan are now complete, adding to the range of architectural expression

Stockley Park shows to the world how a strategic master plan is essential. Compare Stockley with Docklands in London and you are forced to wonder how so much investment in unplanned development and bad architecture was ever allowed to happen on such a scale.

This year's Architecture at Work Awards show a remarkable spread of ideas and styles. Above all, the four schemes singled out by the jury demonstrate that quality rises above style and that the architectural future looks bright.

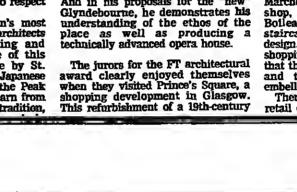
Colin Amery

Paul Taylor

SADLER'S WELLS

The second programme by the Paul Taylor-Dance Company comprises three recent works plus one of his earliest jollities, the Three Epitaphs, which finds creatures from the Black Lagoon having a whale of a time.

The fascination of the rest of the bill, seen last night, is in observing how constant are the themes that have occupied



The Promenade **Concerts**

ALBERT HALL/RADIO 3

Industrial action kept Friday's opening of the 1989 Promenade Concerts from its now traditional place on our television screens, though the Radio 3 relay went ahead as more confidently assertive when controlling the chorus (the men from the BBC Singers) than in shaping constructive accompaniments to the solo singing.

Salonen is an elnsive,

frustrating figure, capable of extremes of excellence and

triviality. This Oedipus, part of

"The sense of an occasion, of



such success that he was the first choice for the Hollywood film (pre-empted, safly, by, other commitments), and he named his son after the character.t

The play still makes a mar-vellous read. On the second of two consecutive American first nights given by the RSC this week, it makes a slightly less marvellous evening in the theatre. The Barbican boasts a distinguished American director in Gene Saks whose Broadway credits include musicals, Neil Simon and even Ayck-bourn. Yet the pace seems bourn. Yet the pare set is a set is a set is a set is a set of the pare set is a set of the pare set of the pa underlined quality, as if an English audience might not get a joke if delivered dead-pan

and throwaway. This is epitomised by John Wood in the role of the morstre sacre who slips on the doorstep of his provincial dinner hosts during a lecture tour and, immobilised in a wheelchair, proceeds to make life hell for them. Mr Wood is tall and thin. In the requisite beard he looks like Bernard Shaw disguised as a satyr. Mr Wood uses that rasping cello-string voice (also

(gratefully remembered for a very Scottish Lady Macheth in (Hasgow) as the long suffering Taylor's imagination for many secretary; the worm that turns, hard-boiled and soft-centred.

years and how consistently inventive and fresh is the way in which he deals with them. There remain the great star-The opening Brandenburys is Taylor the maker of pure and There ruman the great star-turns: the thinly disguised trib-ntes to Noël Coward, Harpo Marx and – well, name your gold-digging female star. As the latter, Estelle Kohler wears stimming outfits (designed by Alexander Reid) and fings her-self into the maching her heart-lifting dances, unencum-bered with any meaning other than their own felicity. Using ments from the third and DOVE sixth Brandenhurgs, Taylor has produced what looks like a self into the machinations of a not very bright vamp with spirit if not the ideal vocal

homsge to Balanchine. Without stressing the anal-ogy too far, there seems a simi-lar sense of spatial relation-ships, a comparable clarity of texture and apiness of musical power. Barrie Ingham looks more like Errol Flynn than Coward but makes a great thing of that wonderful pasresponse, between Taylor's Bach and that of Balanchine in tiche Coward number (by Cole Concerto Barocco.

Porter), "What Am I To Do?" Manic comedy gusts across the stage with the eruption on Taylor offers a central and marvellous quartet of Christoscene of a balloon in orange scarf and spotied bow-tie: Despher Gillis, Cathy McCann, Kate Johnson and Mary Cochmond Barrit picks the evening up by the scruff of the neck and shakes it, less Harpo Marr than John Behashi in a blond ran, set against a male chorus. Magnificent contrasts of energy and dynamic weight; a slow movement for Gillis and than John Benahi in a blonk wig. Carl Toma' set could be out of French's acting edition down to the last occasional table. It sets the seal of a his three handmaidens which is like a gloss on Apollo; these reveal Taylor's formal mastery and also hark back to the great museum piece, unfairly and exemplar of these gifts for our needlessly, on the enterprise. century, Balanchine. The point needs no more labouring: Brandenburgs is a triumph. Martin Hoyle

MUSIC

London

میں دیار ہے۔ ایک ایک میں میں میں میں میں میں میں ایک ایک میں میں میں ایک میں میں ایک میں میں ایک میں میں اور ای

ARTS GUIDE



Cathy McCann and Jeff Wadlington in 'Speaking in Tongues'

There follows an example of Taylor as social commentator. pares away a conventional skin to, reveal the rotting fruit Speaking in Tongues is a dis-turbing exercise, ambivalent in beneath. This is but a partial explanation since Taylor's peo-ple change, develop, even seem at odds with their earlier its attitudes towards popular religious experience and, at a first viewing, ambiguous in

Elie Chaib is "A Man of the Cloth" - a revivalist of the hectoring kind. In a country community we see his power over a congregation and we also see what may well be Tay-lor's real concern: the satisfactions people seek from reli-gious experience rather than the fact of religion itself.

The piece is long in its 50 minutes of emotional tensions and, as so often with Taylor it

elves and not frightfully deft at their tricks.

His view is unclouded with sentiment and, though I find the work over-extended, it the work over-extended, it grips the attention, not least in the wonderful writing for Linda Kent and Joao Mauricio as a "mismatched couple" tear-ing at each other's nerves. With Minikin Fair we meet

the Taylor who makes wonder-ful jokes and whose humour has an agreeable dash of bit-ters to it. We are at a fair **Clement** Crisp staged by some over-eager

They tend to galumph, and

the entertainment contains some insane caprices about red boots: some of the minikins have one, some two, while oth-ers sprout more feet than are strictly necessary save to a centipede (and one poor fellow has none - though he consoles himself by collecting other people's). Fairyland is not usually seen like this - but then Tay-lor once made a version of we White with only five dwarfs. The dances, the danc-ers, are in superlative form.

July 21-27

Linale and Stepanie Gonley (vio-iin), Boger Chase and Roger Chapping (viola) and Antonio Lysy and Eduardo Vallo (cello). Details (0578 64050/755105).

usual BBC 2 viewers missed little; it was not the most electrifying of occasions and the usual

Proms enthusiasm was only the repertory in which he has huilt a solid reputation, reached neither pole, hut slowly kindled. As a concert lodged somewhere unprominently in settled for something altogether less convincing the season it would have passed with modest approval, hut as the curtain raiser to the generalised responses, reasonable orchestral accuracy and absolutely no sense whatever of the implacable most substantial of all music festivals it seemed distinctly subfuse.

unfolding of one of the greatest Pekka Salonen Esa of 20th-century musical rituals. conducted the BBC Symphony, his first outing with the performers finding something in reserve for a Prom at least orchestra, in a programme that half suited him well. The half suffused Saturday's event, a that didn't, Beethoven's Fourth visit to the Albert Hall hy the Symphony, began proceedings, Royal Liverpool Philharmonic led off with exaggerated care by Salonen, hut subsequently veering between mannered, rota-learned ruhato and heedless over-excitement

Each Proms season so far in the Drummond era has had a theme. This year it is myth, and a concert performance of Stravinsky's Oedipus Rex was chosen to begin the thread.

Salonen's set of soloists was excellent. Both Philip Langridge's agile, stylish 'Oedipus and Felicity Palmer's Jocasta, vivid, fervent, pushed at the very stylistic confines of this curious 'opera-oratorio', while the Omer of Currence while the Creon of Gywnne Howell's and Tiresias of Aage Hangland canght the same dramatic excitement well. Tom Fleming provided a calm, pointful narration. But their dramatic grip was hardly reinforced hy the conducting, which seemed

under its current Principal Conductor Libor Pesek The RLPO has made great strides under Pesek's watchful charge and every aspect of their concert showed a renewed care and involvement. In the Sea Interludes from Britten's Peter Grimes one gratefully tolerated some lack of finesse for the sake of the attack and theatricality with which each piece was invested. just as in four of the symphonic poems from Smetana's Mn Vlast the lack of depth in the string tone hardly diminished the sense of scale which Pesek brought to the

mnsic - genuine symphonic breadth even to such standard warhorses as "Vitava" and an almost Lisztian passion to "Sarka" and "Blanik."

Andrew Clements

Komische Oper comes to Covent Garden

The Komische Oper from East Berlin arrives at the Royal Opera House on July 31 for a two-week season. This marks the first British appearance of one of the German Democratic Republic's cultural flagships and a chance for London to see the calling-card production of Offenbach's operetta Bluebeard hy the company's guiding spirit, the late Walter nstein. Felsenstein hronghi

precisely disciplined theatrical magic to works ranging from Hoffmann to Britten's Midsummer Night's Dream, but it was his hedonistic version of Barbe-Bleue that hurst on austere, glamour-starved East Berlin in the post-war era with dazzling effect. It has remained in the company's repertory ever since.

The other productions to be seen at Covent Garden are by

one of Felsenstein's pupils Harry Kupfer is known in this country for his innovative and often controversial work with the Welsh National Opera. His Berlin version of Gluck's Orpheus and Eurydice has a contemporary setting, uses film, and sees hell as the ward of a mental hospital. The title role is sung by the male alto Jochen Kowalski.

The third work in the short season, which ends on August 12, is Smetana's hucolic comedy *The Bartered Bride*. An exhibition of the ensemble's posters, notably featuring work by Dietrich Kaufmann and stage designer Hartmut Henning, has opened at the Queen Elizabeth Hall on the South Bank and can be seen throughout the company's

Martin Hoyle

FT hand delivered in Belgium

ANTWERP ______ 2000, 2008, 2018, 2020, 2030, 2040, 2050, 2060, 2070, 2080, 2100, 2110, 2120, 2130, 2180, 2200, 2230, 2232, 2600, 2610, 2710.



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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER



IvanWyschnegradsky (Thur). Auditorium des Halles (Details 48049801, in English 47208898). The Proms. Works by 114 composers will be heard during this year's Promenade Concert mmer festivals in France. season, which opened at the weekend and continues until September 16. Most concerts take La Chaise-Dieu in Auvergne, Aug 23-30 (71000116). Seint-Jean-de-Laz, Aug 30 - Sept place at the Royal Albert Hall, though St Paul's Church, Knightsbridge, and Kenaington Towa Hall are also used. Thebash 16 (59260816). Provence, Cote d'Azur. July 7 - Ang 8 (90343424). La Roque-d'Antheron, Ang 1 -23rd (42505115). for most concerts cost from 28 to £11, and can be booked on 589 8212, 589 9465 (10am-6pm) or 379 4444 (24 hours); promenadi tickets are available only at the Brussels door on the day of the concert priced at 21-50 or 52. This week's concerts include the Chamber Orchestre of Europe conducted by <u>Nikolaus</u> (Fri).

conte

Zygmunt Kowalski (violin) and Runope conducted by Alkolanis Harnoucourt playing Haydn, Mozart and Beethoven on period instruments (Mon); The BBC Symphony Orchestra conducted by Lothar Zagrosek, with Affred Brendel playing Mozart's Plano Concerto No.22 (Tues); and two concerness for the BBC Wishle Robert Redealli (piano) playing sonatas by Beethoven, Franck and Mozart (Mon). Chapelle des Brigittines.

and Yves Rault in Homage to

National Youth Orchestra of Belgium, conducted by Dirck Brossé, with Rigo Messens (cello). Brossé, Elgar, Macs, Boro-din (Mon).

Clarinet concert, with Jean-Michel Charlier, Colette Orloff (piano), Quatuor de la Monnaie from Brussels. Prokoflev, Hin-dentith, Shostakovich (Mon). dentifi, Shociakovich (Mon). Austitorium des Halles. Noelle Sgieth. Harpsichord con-cert. Pierre-Louis and Armand-Louis Couperin (Wed). Amito-rium des Halles. Two planos: Stephene Leach Wed). tensaal (Toes),

Soviet Radio Orchestra con-ducted by Vladimir Fedoseev playing Tchaikovsky, with violin-ist Victor Tretiakov, and Mus-sorgsky's Pictures at an Exhibi-tion (Thur), Piazza del compilectio (#1044) ducted by Frederic Durieux,

Rome

playing Berio's O King (1987) for voice and six instrumentos, Frederic Durieux's Marges II (1989), Michael Jarrell's Ecol (1960), and recent works by De (1960), and recent works by Ne Villers and Thierry Lencino (Wed). Piano recital by the Argentine pianist, Marta Argen-ich. Palazzo Farnese (Thur) (French Embassy) (4744776 or 6544601/2).

Sienna

Chamber music concerts in the Val d'Orcia, July 22-August 2.The Incontri in Terra di Siena are now in their second year Dedi-cated to the memory of the novelist Iris Origo and ber husband Antonio. Organised by the novel-ist's daughter, Benedetta Origo Crea and her cellist grandson, Antonio Lysy, the five concerts will take place in the gardens of the medieval fortress, the Cas-tellucio di Pienza, the Plazzo Piccolomini and the Fattoria

24, 27, 30 and August 2) feature Jeremy Membrin and Susan Tomes (piano), Charles Andre

New York campiloglio. (6541044). Romaeuropa Festival. A homage to a major italian contemporary composer, Luciano Berlo, by the Ensemble Villa Medici, con-Mostly Mozart Festival. Orches-tra of St Lukes conducted by John Nelson with Kathleen Battle (soprano). Bach, Mozart, Haydn (Mon); Festival Orchestra conducted by David Zinman with

Viadimir Spivakov (violin) and Maria Joao Pires (piano). Haydn, Mozart (Tue, Wed). Chamber music featuring Vladimir Spiva-kov (violin) and Maria Joao Pires (piano). Mozart prgramme (Thur). Avery Fisher Hall (874

Washington

Fred Waring US Chorus. Porter, Gershwin, Rodgers. Kennedy Center Concert Hall (Tue) (254

sky. Suntory Hall (Mon) (505

9999)

Oseka Symphony Orchestra con-ducted by Takashi Asahina. Mah-ler. Suntory Hall (Thur) (289

Chicago Ravinia Festival. Kronos Quar-

tel. Glass, Terry Riley, Reich (Mon); Pinchas Znkerman violin recital with Marc Nelkrug (piano). Stravinsky, Beethoven, Toru Takemitsu, Robert Fuchs (Tue). Highland Park (728 4642). Tokyo Dang Thei Song (piano), Josef Suk (violin), Tsuyoshi Tsutsumi (cello), Suk, Dyorak, Tchaikov-

Menton, Aug 5 - 81 (93575700). National Day Concert, fireworks and festivities, Parc de Bruxelles

Amsterdam

appearances by the BBC Weish Symphony Orchestra under Tadaaki Otaka: Takemisu and Mahler (Wed), Beethoven, Wag-ner and Pamufulk (Thur), **Paris Festival Estival** Vienna

Wiener Hoffwrg Orchester con-ducted by Gert Hofbauer. Miscallaneous operetta and waltzes. Inneous operation and waitzes. Konzerthaus (Tues). Haydn Shufonietta Wien con-ducted by Michael Morgan. Haydn, Hoffmeister, Mozart. Grosser Redoutensaal (Mon. Salomon String Quartet. Haydn, Mozart, Schubert. Grosser Redou-

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FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SET 9HL Telephone: 01-873 3000 Telex: 922186 Fax: 01-407 5700

Monday July 24 1989

Defeat for Japan's LDP

Democranc Party has worked hard during the past two years at repeatedly disgracing itself in the eyes of the public; its efforts were rewarded yester-day with a defeat in oational elections. The LDP has lost its mainting in the upper house of majority in the upper house of the Diet (parliament) for the. first time since it was formed in 1955.

Partial elections to the upper house are not normally much more than psephological foot-notes. But these are far from normal times in Japan. The LDP defeat in the upper house elections at the hands of Miss Takako Doi's Japan Socialist party is momentous because it party is momentuus because it suggests a political sea change. Japan may well be moving towards a more pluralistic democracy after 34 years of LDP domination. Most important, the momentum for change is coming not from the parties and politicians but

from the public. There will oow be clamour from all the opposition parties for an early general election. The present term has degener-ated into a flasco with a spate of scandals combining to make successive Cabinets derided at home and abroad.

Since the LDP's landslide victory in the 1986 lower house election, (in which Miss Doi's party scored its worst result), it has become clear that the limits of public tolerance have beeo exceeded. The peeling away of layer after layer of cor-ruption involving huge pay-meots to politicians in the Recruit Cosmos scandal was made worse by leading politi-cians' attempts to hoodwink the public.

Scandal tainted

Mr Noboru Takeshita, the Prime Minister, was tainted by the scandal and had to resign in ignominy. The public's patience finally gave way when the party was unable to find anybody financially respect-able enough to replace Mr Takeshita, except the weak and nnknown Mr Sousuke Uno, who was promptly compro-mised by his involvement in a geisha scandal.

Women voters played an important role in the week-end's result. Miss Doi is a women in a male world and sible.

Jepan's ruliog Liberal has skilfully plucked a variety Democratic Party has worked of chords on discrimination against women and the arrogance of the male-dominated LDP. She has been helped in attracting both women and working class votes by some ontlandish comments from LDP ministers, one of whom expressed the opinion that in politics women were useless and another who said that farmers had only muscles and no brains.

With the ruling party in this state of disarray there can be little doubt that fresh elections for the lower bouse are desir-able. But that is not to say that the opposition parties hold all the answers or that the LDP policies bave been without merit. The JSP has only recently started to move away from rigid Marxist dogma and still exhibits worrying signs of introversion, most notably reflected in its hostility to the US-Japan security treaty.

Consumption tax

The LDP has made important progress on economic, agricultural and trade liberalisetion, all of which have been domestically unpopular. A contributory feature of the LDP defeat was the 3 per cent con-sumption tax introduced last year amid prolonged and widespread opposition.

The JSP is promising to abol-ish the tax and the LDP may now be tempted to do the same to try to shore up its fortunes. That would be a retrograde step in one of the world's economic power-houses where fis-cal reform and a broadening of the taxation base was years overdne. The worst possible outcome of the political npbeavals would be for eco-nomic and trade liberalisation

to go into reverse in Japan. The LDP is under notice now to pull itself together, prefera-bly under new leadership. The onus on the JSP is to use its victory as a spur to modernise its policies and prove that it can offer real but pragmatic alternatives on both domestic and international issues. The Japanese voters will then for the first time, be able to make real political choices in a gen-eral election which should be held as soon as practically pos-

Charles Leadbeater reflects on the UK's wave of industrial disputes

stand out in the political and industrial history of Britain in the 1980s. In 1984 those in employment were abont to enter the period of well-being which paved the way for the Tories election triumph in 1987. That politics of prosperity was underlined by the start of the popular privatisation campaign, with people swarming to buy shares in British Telecom.

wo long hot summers will

Shares in British Teleconic But most memorable were scenes of striking miners doing battle with mounted police on the fields outside the besieged Orgreave coke works. The Government's campaign against union power reached its high point with the attack on the 1984-85 miners' strike as backward-looking, undemo-cratic and against the public interest. Compare the Government's sense of confidence, authority and purpose in that summer with events this year. The comfortable sense of prosperity is being nibbled away by rising inflation and interest rates, and by the pro-pect of slowing growth. In contrast to the popularity of the BT flotation, water and electricity privatisation are beset with difficulty

beset with difficulty. Most recently, the Government has falled to reap the political returns it has come to expect from industrial disputes, despite a wave of strikes from rail to docks, broadcasting and local government. But has the sum-mer of 1989 marked a lasting change in the political and industrial climate for the unions? for the unions? The crisis which has withered the

unions in the early 1980s had three main components: the legal changes constraining their ability to call strikes; the Government's political onslaught on the legitimacy of union power; and the interaction of these developments with a series of indus-trial and economic changes.

These changes included the decline in manufacturing employment in the regional heartlands of trade unionism, the growth of part-time and self-em-ployment in the service sector, a new management assertiveness, and the intensity of competitive and market pressures.

In the main disputes this summer - on the railways and in the docks -the National Union of Railwaymen and the Transport and General Work-ers Union are both defending tradi-tional industrial cultures.

Although they have navigated their Although they have navigated their strikes through the courts and rebuffed sustained political attacks, both unions have made potentially costly misjudgments. The NUR has risked losing the public sympathy it unexpectedly won, by pressing ahead with strikes despite British Rall's improved 8.9 are cent offer and subimproved 8.8 per cent offer and sub-stantial concessions on collective bargaining. The painstakingly planned docks strike seems to be crumbling in

the TGWU's hands. So we are not witnessing the birth of a new unionism for new times. Nevertheless the unions' renewed confidence is more than a temporary. cyclical upturn in response to falls in unemployment, rising skill shortages

and a changing economic climate. The mions' accommodation to the legal constraints of the 1980s has been their most obvious adjustment. The docks strike was preceded by the most detailed, patient legal prepara-tions any union has undertaken in **Disputes this summer**

Rail: NUR planning sixth national 24-hour strike for next Wednesday.

Aslef and TSSA accepted 8.8% offer. BR made significant concessions on proposed changes to collective bargaining machinery.

Docks: National strike over claim for national agreement to replace the abolished dock labour scheme.

Started July 10th. 5228 dockers on strike, 1841 working normally, and 2000 taken redundancy.

Local governments 500,000 white collar workers on rolling strikes over 7% pay offer and plans to decentralise collective bargaining, Seale

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BBC: Lightning strikes over imposed 7% pay offer. Sec. Sec.

Service Window Engineering: 1.8 Unions representing about 800,000 engineering workers to ballot workers at #2 target companies over national claim for 35 hour working week.

2



putes. This shift, and the Government's failure to rally public support this summer, has been most striking

in the rail dispute. The NUR's five 24-hour strikes have mainly hit London, the south-east and the home counties, where people are most dependent on rail transport. People in London and the south east travel on average four times as far by rail than people in other areas of the country, according to the Department of Transport

of Transport. The area covered by Network SonthEast, BR's largest region, stretches from Beser to Cambridge in the east, across to Bedford and Nor-thampton, dropping down via Oxford and Salisbury to Weymouth on the south coast. Thus it covers a large part of the Tories' heartlands. Within its reach lie most of the Government's enter including four of the five safest seats including four of the five safest, Huntingdon (majority 27,044), Horsham (23,907) East Hampshire (23,786) and North West Surrey (23,575).

London rail commuters are mainly home-owning men in white-collar, full-time employment - prime Tory voters. About 26 per cent are professionals and managers in social cli AB1, 39 per cent are other white collar workers, 22 per cent are skilled manual workers and 13 per cent are other manual workers. Only 2 per

has been much more difficult for the Government to show that the unions are acting against the wider public interest: the unions are not out on their own.

Just as the health strikes last antumn were generally seen as indicative of deeper problems within the health service, so the rail dispute is seen by many as part of a malaise affecting public transport, particu-

larly in the south-east. The rail workers' demand for a pay rise of more than 7 per cent is a symptom of the increase in inflation The Government has

failed to reap the returns it has come to expect from industrial disputes

and interest rates which have affected most people. Those increases set the climate for the strikes by 500,000 local government white collar workers, to whom a 7 per cent offer has been made, and by staff at the BBC, where

per cent offer at British Rail. This may mark the third stage in the politics of the unions in the 1980s. During the first, from 1979 till the 1984-85 miners' strike, the unions attempted to challenge the Govern-

ment and lost. Then followed e period when the unions kept their heads down and their unpopularity declined markedly till successive opinion polls found that less than 5 per cent of the popu-lation theught prior power Was a lation thought union power was a

major issue Starting from the Ford national strike of last year, which was followed by the health workers' revolt, the present disputes may represent a third phase, in which unions can enter the fray with Government with an equal chance of claiming public support.

support. Underlying this political shift have been industrial changes which could provide an enduring basis for a mea-sure of renewed union confidence. The structural changes of the early 1980s - redundancies in manufactur-ing, the introduction of new technol-ogy, the shift to part-time employ against the unions. But these presagainst the unions. But these pressures have now abated with the fall in unemployment, mounting skill short-

pany shows, this may have led to a permanent increase in the use of overtime to expand output and overcome skill shortages. In March overtime working in manufacturing in the south-east was 21.6 per cent up on the year before and in London 31 per cent higher.

High overtime has fuelled earnings growth, which has in turn fed into pay demands. Increasing overtime levels are a signal of security for workers: it shows that companies need them. But they are also, as at BR, a source of frustration and ten-

sion. This raises questions about the effect of the labour market on man-agement-union relations. Britisb Rail's original plan, in 1987, was to decentralise bargaining to its business units, such as Inter-City and Network SouthEast. This was to allow bargain-ing to be tailored to the demands of separate product markets: it was separate product markets: it was driven by the consumer market.

driven by the consumer market. When the plans appeared in final form last November they were based instead on five distinct groups of staff, such as highly skilled signals and telecommunications and semi-skilled station service staff, which pose different problems of recruitpose different problems of recruit-ment and retention. The emphasis ment and retention. The empirical shifted from responding to consumers to responding to the labour market. This has favoured the unions. BR's almost wholesale retreat from the

these proposals casts doubt on the strength of another trend which has hit the unions in the 1960s: the rise of more assertive managers, intent on a wholesale transformation of industrial relations.

trial relations. The NUR strike and the reassertion of traditional industrial relations has knocked some of the gloss off BR's achievement in introducing perfor-mance-related pay for middle manag-ers and reforming working practices.

ers and reforming working practices. As one senior BR manager says :"It is the end of the era when managers could simply kick the unions around or ignore them." This is not borne out by the docks dispute where Associated British Ports, the main employer, is deter-minedly using the strike as an oppor-tunity to make redundancies, restruc-ture working practices and break out of national bargaining.

However, a recent report by the University of Warwick's Industrial Relations Research Unit covering changes in industrial relations in the 1980s concludes that strategic think-ing to tailor collective bargaining practices to business needs has been a rarity, and that managers have more often concentrated on the immediate task of meeting financial targets.

All the components of the 1980s cri-sis of trade unionism — legal, politi-cal and industrial — have changed in more than a temporary way. But this does not presage a return to the union power of the 1970s. The docks strike seems to be crumbling. The rail work-ers may yet split: 20,704 voted against taking action.

But the unions can now do more than just keep their heads down. With careful legal preparations they can enter industrial action witbout a sense of impending legal and political disaster. Backed by trends in the labour market, they can take advan-tage of managers' misjudgments.

Raising the spectre of union power, to exorcise it, has been at the heart of Mrs Thatcher's success. She rose to

A last chance for Kampuchea

A MEETING begins today in Paris which will determine whether Kampuchea continues to be the most battered of the world's newer independent states or whether it can finally move towards security and growth. The omens are not good. But the fact that this is the last chance to try to draw up a peaceful formula before the Vietnamese occupation forces leave Kampuchea in September may just possibly concentrate the minds of some of the more mercurial and despotic players.

Today's meeting is between Hun Sen, leader of the Viet-namese-backed Government in Pnom Penh, and Prince Norodom Sihanouk, the erratic but undisputed leader of the coalition of Kampuchean resistance parties. Later this week they will be joined by the leaders of the other two resistance groups, Mr Son Sann, a moder-ate former Prime Minister, and Mr Khieu Samphan, the latest front man for the Khmer Rouge, whose brutal regime under the leadership of Pol Pot killed more than 1m people in four years until the Vletnamese invaded in 1978.

This week's meetings are designed to find enough common ground on the framework for interim arrangements after the Vietnamese withdrawal to enable an international conference of about 20 states, including all members of the UN Security Council, at the end of the month, and also in Paris, to agree on measures to make the transition stick until elections can be held.

Khmer Rouge

The aim this week is to agree on the nature of a transitional administration and, crucially, on what role the Khmer Rouge should play. The prob-lem for the later international conference is to decide bow to underpin such a government and whether it can be acceptable at all if it includes any

Khmer Rouge representation. Behind all the posturing the four Kampuchean factions have come far in the past year. Since President Mikhail Gorbachev indicated he wanted a settlement and instructed the Vietnamese to withdraw, the Kampncheans have been obliged to talk to each other.

The withdrawal does not indicate that either Moscow or Hanoi is no longer supporting Hun Sen. He will have to play a prominent role in the interim a prominent role in the interim government and the three resistance parties all now accept this. Equally, all parties agree that Prince Sihanouk should be head of state, -

although whether executive or titular remains unclear. The problem which can no longer be evoided is whether the interim administration should be tripartite or quadri-partite. Vietnam, Hun Sen, the Soviet Union, the US and most of the international community are all opposed to any role for the Khmer Rouge – but all have failed to explain how they can be excluded. Their small armed force of 45,000 men has not been vanquished by the Vietnamese Army, is the best combat unit in the country and

Arms flow

The pragmatic solution, unpalatable though lt is, may be to include them as a minority and then use every means possible to neutralise them. It would be vital to persuade China at the later conference to halt the arms flow to the Khmer Rouge and for Thailand to clamp down on the supply routes and the Khmer bases and training camps along its border. The international com-munity has considerable finan-cial muscle to flex against China, which anyway has much to do to regain any sem-

still controls large tracts of the countryside. China, their back-

ers, and the other resistance

groups want them included in

government, although Prince Sihanouk detests them.

blance of respectability. The international conference must also agree on ways of supervising the Vietnamese withdrawal and on whether a peacekeeping force can be constructed of sufficient strength to disarm all parties prior to elections and to be a credible

deterrent to Khmer misbehaviour The price of failure this month could be the virtual destruction of a country which has done nothing to deserve it - and at a time when the prospects for Indochina have never looked brighter.

the 1980s. That marks not only a developing sophistication among the unions, but a political change too. Pre-strike ballots and the courts' role in disputes has meant that the legal process has taken on an increas-ingly important role in determining the public interest and the acceptability of strikes. Unions which follow the law can now claim not only legal pro-tection but a degree of political legitimacy for their actions.

This is just one aspect of a wider change in the political context for dis-

Present for the Pope

After hesitating for three

months, Pope John Paul has reluctantly accepted President Houphouët-Boigny's offer of the largest basilica in Africa. Modelled on St Peter's in Rome, Our Lady Of Peace was built at a cost of FFr800m in Yamoussoukro, deep in the heart of the Ivory Coast and birthplace of the octogenarian Head of State. Yamoussoukro is also, at least in theory, the political capital.

The basilica has been widely denounced in the former French colony as an old man's "folie de grandeur", and a "monument to pride". It boasts among its statistics 25,000 square feet of hand-made stained glass windows, air con-ditioning and space for 18,000

worshippers inside and another 350,000 outside. Apart from the cost of the building, the upkeep is estimated at

the intention of taking advan-tage of 1992 was rebuffed when she applied to join the Army. The applicant was told she was FFram a year. Houphouët-Boigny was a unable to take the Queen's shilling because of her nationconvert to catholicism in his ality. Despite her protests that if the Army was willing to accept the Welsh, Scots and Irish, why not the French, she teens, and always wanted to build something to match St Peter's, even though only about one fifth of the Ivory was eventually forced to look Coast's population is Christian For the rest, Yamoussoukro boasts a an 18-hole golf course elsewhere for a career. and an airport built to handle a Concorde. Its population is about 30,000 and industry is Mining tremor One of the best-known peo-

banne Another West African country - Nigeria - is building a mosque on the same sort of scale as the Ivory Coast basilica in its new administrative capital of Abuja. It will be the largest outside Mecca.

Tokyo model

■ Japanese journalists cover-ing the British general election in 1967 went home concluding that the British and Japanese political systems had much in common. There was no great change in prospect. The British Conservatives, like the Japanese Liberal Democratic

cent are unemployed. Thus the Government's failure to rally overwhelming public support during the first five rail strikes is much more than an inability to mobilise abstract "consumers." Rail commatters are part of the Conservative Party's core support in its south-east and Home Counties stronghold.

Party, looked like remaining in power indefinitely, almost whatever bungles they made, if only because of the feeble-

As an example of the unpre-dicted and unpredictable in

politics, and how quickly it

has happened to the Japanes

The single European market still has its limits - at least

One of the 30 French stu-dents who visited the recent London Recruitment Fair with

ple in the mining industry, David Williamson, who built

up a formidable team of min-

ing and metals analysts for

Williamson seems to have been on the losing end of a power struggle which began

about nine months ago when Shearson hired Stuart McLean

from Credit Suisse First Boston

in London to be head of equity

research and, according to insiders, to take a hatchet to

costs. At its height, Williamson's

shakeout.

as far as the British armed

can come about, note what

Liberal Democrats.

Protectionist

forces are concerned

OBSERVER

manage nent and reached agreement last night on an 8.8 per cent across the board pay increa

kets

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of research and have taken

Royal reading

gracefully by Hermione Gin-

There are also Roy Foster's

I wanted to do."

The rail strike has confirmed the Government's problems with the management of the public sector. In December 1988 Mr Nigel Lawson, the Chancellor, set the chairmen of nationalised industries e 7 per cent pay target. That unofficial pay policy was breached in May by the 9.2 per cent pay settlement in the electricity industry and more recently by the 8.8

ages and the prospect of a tight labour market in the 1990s because of the decline in the number of young people. This has helped to stabilise union membership and strengthened the unions' bargaining position.

Another structural change employers' unwillingness to raise manning levels - has also started to work in the unions' favour. As a report published today by Incomes Data Services, the pay research compower in her party in the aftermath of the 1974 miners' strike. She won her first election after the 1978 winter of discontent. The 1987 election followed the miners' strike and widely popular union reforms.

But the events of the past two months should sound a warning bell : at the very least the Government can no longer rely on the unions to pro-vide an unfailing source of political ammunition.

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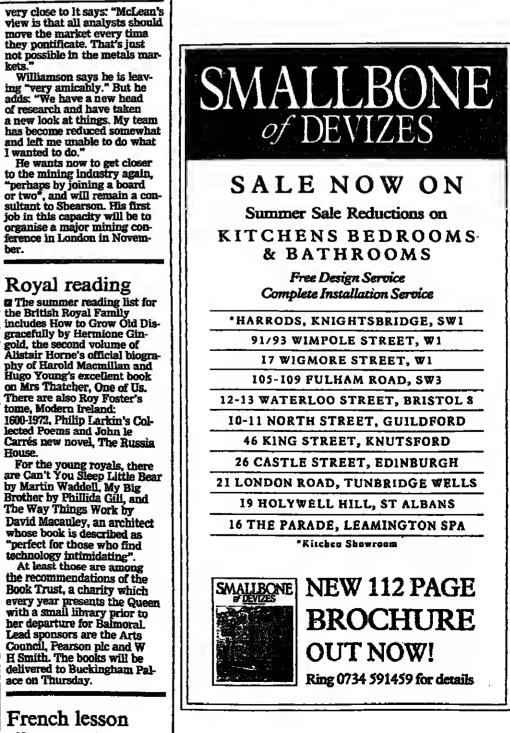
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REME "I don't mind where she puts Ridley, so long as it's not in my back yard."

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WHITEHALL

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team included 11 metals and mining analysts in London and New York. After two recent departures, the team is down to eight. No replacements are scheduled and the team will report to McLean after Williamson leaves.

Williamson, 47, is almost certainly one of a kind. He graduated from the Camborne School of Mines; was a mine supervisor in Sierra Leone and became manager of two of the world's largest tin mines in Malaysia. In 1973 he returned to London to work first as a shearson Lehman Hutton, part of the American Express finan-cial services group, is the latest victim of the City of London stockbroker and then as a com modity trader. Shearson approached him in 1982 to form a metals research team. When Shearson acquired the L Messel stockbroking firm in 1985, he took that organisation's mining team under his wing as well and he became an executive director of Shearson two

> The conflict between McLean and Williamson was not just about staffing levels and costs, but also about the role of analysts. As someone

years later.

For the young royals, there are Can't You Sleep Little Bear by Martin Waddell, My Big Brother by Phillida Gili, and The Way Things Work by David Macauley, an architect whose book is described as "perfect for those who find technology intimidating". At least those are among Lead sponsors are the Arts

French lesson Never say vous to a goose.

tome, Modern Ireland: 1600-1972, Philip Larkin's Col-lected Poems and John le Carrés new novel, The Russia House.

the recommendations of the Book Trust, a charity which every year presents the Queen with a small library prior to her departure for Balmoral. Council, Pearson plc and W H Smith. The books will be delivered to Buckingham Pal-

ace on Thursday.

جكذامن الاجل

here is a sort of fierce pride about the way the inhabit-ants of Novokuznetsk claim theirs is the third or fourth most polluted city in the Soviet Union

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It is also an angry boest, for pollu-tion, perhaps more than any other single issue, provided the spark for the miners of the Kuznetsk coalifield to down tools two weeks ago.

Chimneys dominate the skyline of Novokuznetsk every way you look: two huge iron and steel complexes straddle the city, creaking pre-war plants built when it was renamed Stalinsk in 1932 to commemorate the Soviet dictator in his lifetime. The name went in 1951 when the Mark name went in 1961, when Mr Khrush-chev launched his first effort at de-Stalinisation, but the plants soldier 02.

The chimneys belch all colours of the rainbow - orange, yellow, grey, black and white. There are an aluminium smelter, a ferro-alloys factory, and eight coal mines within the city limits.

On a glorious Siberian summer's day, it is bard to believe it is quite so bad. There is green everywhere, although it is weeds, not grass, in almost tropical profusion, bursting through the cracks in the paving stones, and choking abandoned build-ing sites. But there is an acrid smell in the sin and the window weight in the air, and the windows are grimy with soot.

with soot. A huge tank on a granite plinth stands guard at the factory gates of the Kuznetsk Metallurgical Complex on Victory Square, dedicated to the "heroic labour deeds of the Kuznetsk steel workers." A bride and groom, still dressed in their wedding best, are having their picture taken just in front. front.

Across the square, there is another sort of celebration taking place: Mr Nikolai Slyunkov, full member of the ruling Soviet Politburo, and Mr Mikhail Gorbachev's personal envoy to the striking miners, is telling a crowd in the Steel Workers' Theatre just what his new deal will mean for the

region. He is the man trying to ride the Siberian tiger on behalf of the Soviet leader: trying to turn the danger of a disastrous rash of industrial unrest into a force for revitalisation and reform

It is a huge gamble for the entire Soviet leadership. Already it looks as if the Government has given in across the board to the demands of its most loyal supporters - and they are still not satisfied. Tens of thousands of miners are still on strike from Donetsk in the southern Ukraine to Vorkuta, inside the Arctic Circle.

In the Kuzbas, where it all began, they are in no doubt that it has been a

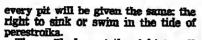
victory already. There will be better wages in the mines, more days off, better holidays and pensions, thousands of tons of urgent food supplies, soap and deter-gent to replenish bare shelves. The whole region will get more cash - 1.3 times the national norms for wages for everyone, not just the miners.

The whole region is going to get "economic independence" - whatever that may mean in practice - and in March. People expected concrete

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Quentin Peel reports on the Soviet miners whose strikes have given them a taste of victory

Trying to ride the Siberian tiger



They will also get the right to sell their own coal — on the international market if they like — if they can produce more than the Plan demands. There is a promise to call a halt to the huge hydro-electric power station on the river Tom and devote the money

saved to better housing. There is also a whole negotiating process still to come. The miners of the Kuznetsk field have gone back to work. But their spontaneous strike committees have refused to disband. They continue to exist as workers' commissions" to ensure that all their demands are satisfied.

"This is a victory, not a compro-mise," says Mr Valery Dimidov, the soft-spoken 34-year-old welder who leads the city strike committee. "We decided temporarily to suspend the strike, but we will resume it if neces-sary - if our demands are not satis-fied in full, as promised."

The strike committee is sitting in almost permanent session in the min-ers' Palace of Culture, basking in the cuphoria of apparently total popular support

But why did it begin here, in the Kuzbas, with one of the toughest -and most privileged - bunch of work-ers in the Soviet Union? And where do they expect it to lead to? Their wages are more than double

the national average (at least Rs450 a month, against Rs210 in European Russia), their holidays guaranteed in resorts from the Black Sea to the Baltic. They have money, but nothing to spend it on.

Three things came together," said decisions to be taken. Nothing hap-Mr Alexander Nazarov, a lecturer at the Institute of Metallurgy. "The air is filthy, the work is tough, and now pened. there is nothing in the shops. The miners expect to get a better deal for working in Siberia."

working in Siberia." But more than anything, it is a cri-sis of expectations. "We called 1985 the year the dam burst, when Mr Gor-hachev came to power. We have been waiting for results ever since," a city council worker said. Then in March, Mr Nikolai Ryzhkov, the Soviet Prime Minister come to the Kurbes

Minister, came to the Kuzbas. "He understood there were huge problems, above all the ecology. He heard and saw it first hand," said Emilia Kalachikova, correspondent for the state radio and TV. That was

Then the Congress of Deputies began. The workers expected something concrete to be decided. We were all waiting for something important. Every day people watched. They saw how people talked and talked, and took no decisions. The people had just

Soviet miners on strike: "The people had just had enough"

The miners of Mezhdurechensk, in the foothills of the mountains they call the "Siberian Switzerland," were the first to go out. They are seen as the toughest and the best in the region, brought in to open up new mines. But they are living in the worst conditions,

had enough."

wage increases or on working time reductions. In Germany

the workforce renounced wage increases for shorter hours.

Since 1987 more than half of the metal industry's increased

productivity has been used to reduce working time rather then to increase pay. This has led to a lower increase in par-

chasing power, demand and investment. The result is less economic growth and less

employment growth. For these reasons the Ger-man metal industry employers will firmly oppose trade unions' claims for further

working time reductions. Dieter Kirchner,

Cologne, Germany

"Half of them are living in diland-dated buildings," said Ms Kalachi-kova, "We call them barracks. They

ter war tij striver en et e nationale en et

were built in the 1930s as temporary accommodation, and they are still being used today."

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Mr Slynnkov blamed the whole strike on local officialdom: the Communist Party, trade unions, and the regional government. If they had responded sconer to the local comlaints, the strike need never have happened, he said.

Mr Albert Lensky is the local party boss in Novokuznetsk, sitting in an echoing, wood-panelled office, in a lonely new concrete building divorced from the town by an acre of weed-strewn concrete paving-stones.

He is convinced that the union and the Ministry were at fault. They paid no heed to the miners' complaints, and insisted on laying down the law

from Moscow, he said. Ordinary people just talk ebout "the Power." They mean every layer of officialdom in the country - all the people now trying to blame each other for the problem.

"Why don't we have our own holi-day resorts here? We've got wonderful mountains, our own springs. But the Power has done nothing about it," said a bitter taxi driver. "The only people who get the bottled water are the people with privilege." Sure enough, they served it in the VIP departure lounge at the local air

strip. The anger of ordinary people is palpable, mingled with amazement that the strike happened - and they got away with it. And yet the conditions in Novokuznetsk, apart from the pollution, are probably not a lot worse than thousands of towns and cities across the Soviet Union. That is per-haps what makes it most ominous for Mr Gorbachev.

Mr Gorbachev. There are lots of eggs in the shops, and bread, although milk, sour cream and yoghurt are in very short supply. Tomatoes are on sale, but they look miserable. The best thing to be had are healthy spring onions.

The sports shop is not badly sup-plied: lots of back-packs for hikers, fishing-rods of bamboo, volley balls, and a buge tent which would sleep a family of 12. There are lots of different sorts of prams in the children's sec-tion - Siberla is still the frontier land for the young - one sort of bicycle for toddlers, and a reasonable selection of games and inflatable toys. Mothers and fathers can be seen anx-ionsly inspecting whatever they want to buy, in case some crucial part is

There is a buge picture in the local art gallery, with pride of place in a long-standing exhibition. It is called "Collective Farm Abundance," with s huge water-melon in the middle, surrounded by mounds of grapes, mangoes, peaches, pears and plums. It could scarcely more be insulting to the local reality. "It is different for them in the

Ukraine," one miner said. "They have good black earth there. Here it is very poor." But even the poor earth is barely being used for local supplies. That is one of the big complaints. Back in the Palace of Culture, the miners are adamant that their demands are only economic. They are not looking for political changes. "We're a new trade union, to a certain extent," said Mr Dimidov, "rather like your Western trade unions.

He is soft-spoken to the point of diffidence, and scrupulously democratic when members of the strike committee want to disagree. "We are the new Solidarity," one committee member insists. "We don't trust Mr Gorbachev," The chairman begs to

"Workers in Gdansk [when they founded Solidarity] had many politi-cal demands. We are putting forward only economic ones."

Yet they admit you cannot really separate the two. The very fact that the strike committees exist is a political statement in the Soviet Union. That is a tiger Mr Gorbachev still has to learn how to ride.

EINANGEAL HEREN

SPACISTICS.

LOMBARD Central banks in from the Cold

By Samuel Brittan

SIR STAFFORD CRIPPS, who The Bank, however, will deterwas one of Labour's more nota-ble post-war Chancellors, once boasted: "The Bank of England is my creature." He would be turning in his grave if he knew that a Labour Finance Minister in the British Commonwealth country of New Zealand was introducing legislation to set the Antipodean version of that creature free from governmen-

tal grip. Just as central bankers were formerly blamed for instability and depression, nowadays gov-ernments are blamed for inflation. Setting central banks free is increasingly seen as a more promising route to price stabil-ity than lobbying governments to adhere to one or other fashionable monetary rule. The legislation being consid

ered in New Zealand is part of the legacy of the recently departed free-market Finance Minister, Roger Douglas. One objective is to make it more difficult for future governments to change policy with-out full and open justification. It is also part and parcel of a movement towards privatisation and to assigning specific responsibilities to specific

agencies. Successful independent central banks are not just freely floating unaccountable bodies. The US Federal Reserve is responsible to Congress. The Bundesbank bas a statutory duty to promote price stability, as well as to support government economic policy as a sec-ondary objective. The Reserve Bank of New Zealand will not be free to suit itself in com-promising between the many possible objectives of monetary policy, as one occasionally has the impressioo that the Bank

of England would like to be. in keeping with its British tradition, the New Zealand Government has, bowever, avoided the path of coostitutional reform. Legislation now being considered states that the Reserve Bank will be awarded a specific contract between the Finance Minister and Bank Governor. The objective of monetary policy will be "achieving and maintaining stability in the general level of prices" in place of the possibly conflicting objectives now laid upon it. The time path will be determined under the contract.

mine both the policy instru-ments and the way they are used. The Reserve Bank's own notes say that "the Governor's jnb is at stake." His perfor-mance – and perhaps eveo his remuneration - will be judged by the inflation outcome.

The sovereignty of parliament will be maintained by clauses giving the Government the right to override the price stability objective, but only by a specific Order in Council, which will have to be renewed every six months. The Reserve Bank will probably be protected from direct price in-creasing actions, such as a rise in indirect taxes.

My guess is that the New Zealand plan will surprise sceptics by its success, but that the definition of price stability - now seen as zero to 2 per cent per annum increases in consumer prices "by the early 1990s" compared with the present 4 per cent - will cause problems. These go deeper than deciding which price index to use or whether or not to include mortgage interest

payments. The 19th Century gold stan-dard, which was the last era of worldwide price stability, was in some ways stricter and in others more flexible than present sound money supporters envisage. The guiding principle was that the value of money sbould remain essentially the same 20 years from now -althnugh even here there could be waves. But over sborter spans, periods of quite rapidly rising or falling prices were to be expected as a safety valve. There would have been noth-

ing untoward in the temporary acceleration of the UK inflation rate to an underlying 6 per ceot - or, for that matter, to a current paymeots deficit during an investment boom. The difference is that it would sooner or later be succeeded by some years of price deflation. The timing of both pbases would depend on economic pressures, subject to the over-riding gold convertibility coostraints, rather than to mecha-nistic timetables. It is doubtful if these subtleties can be captured by any regulated paper system that does not link cur-rencies in some way or other to real commodities.

National fiscal policies affect others

LETTERS

a second second second

From Professor G. Maynard. Sir, I suspect that many of those who now criticise the Delors committee for arguing that economic and monetary union requires some co-ordination of fiscal policy as well as monetary policy have also crit-icised the US for creating difficulties for its trading partners by pursuing a lax fiscal policy and a tight monetary policy. It must surely be the case

that if a member country of the union pursues a policy of unrestricted bndget deficits, which in a monetary union cannot be financed by mone-tary creation, it could impose upward pressure on nominal and real interest rates in the

union as a whole, with possible adverse implications for aggre-gate demand and investment in other member countries. any case, in practice, such fis-cal management may well be constrained at least in one direction - by the discount that a country might well have to accept on its national bonds If the required saving is attracted from outside the

mion, there is also the possi-bility that the union's real if the government is seen to be issuing them in excess. exchange rate will be pushed up, also with possible adverse effects on other member coun-tries. It therefore does not UK opposition to the Delors UK opposition to the befors Report, although healthy in some respects, seems in danger of becoming somewhat hysteri-cal. If the UK simply wanted a free trade area, it would per-haps have been better if it had not joined the BC in the first seem unreasonable that mem-ber countries of the union should be concerned with the fiscal policies of their fellows. This concern, of course, need place. Geoffrey Maynard, not go as far as preventing any Investcorp, Investcorp House, any country or countries 65 Brook Street, WI where it seems appropriate. In

'Banks are in business to

make a profit'

From Mr Michael Whitehead. Sir, Geoff Crocker ("Banking on Quality," July 10) argues that the recent growth in new banking products and services "to the advantage of the banks."

As banks are companies which have to answer to shareholders, is this not a natural assumption? The staff of marketing departments would surely not last long if they merely created products and services for the sole benefit of the customer; the long term bottom line has to be a key consideration.

After all, banks are in business to make a profit and not to exist purely as a public ser-

vice. As regards quality, surely this must be customer defined? It is because there has been such a proliferation of new ser-vices combined with increasing institutional competition, that the banking customer is in a new-found position of strength.

The power to define what constitutes quality has been taken from the banker and is now in the control of the cus-tomer. With increasing financial sophistication, customers are rarely willing to accept any constraint on their options and will merely "shop around" until they find the product/service they require. Financial organisations are

increasingly moving towards a customer-driven strategy. Perchistomer univen strategy. Per-ceived value will be a key to future banking success, and it is on this basis that pricing decisions should be made. In these days of global financial de-regulation, to impose restrictions on the types of account and the pricing of the account and the pricing of that account would surely be a retrograde step. It is not merely the range of

banking products that defines quality of service to a customer - the quality ideal must permeate throughout the whole organisation.

shoulders of top management. Michael Whitehead, Loughborough University, Loughborough,

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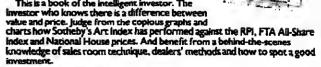
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Sir, Alice Rawsthorn states in her otherwise excellent and welcome article ("Between 'trade' and 'aesthetics,'" July 4) that the Design Council has gone from crisis to crisis. This

is not true. Over many years the Design Council has effectively pro-moted the cause of good design with the public, indus-try, and in education. In doing so it has brought about considerable change. It is not unusual in having to live within its means. It is unusual

failure." German employers share this view. They consider that the trade unions' policy for reduced working hours goes in the wrong direction, and that it carries more dan-that it carries more dan-that the trade unions' policy and that it carries more dan-that the process of the units of the trade that the trade unions' policy for reduced working hours and that it carries more dan-that the process of the units of the trade that the trade unions' policy for reduced working hours and that it carries more dan-that the process of the units of the trade that the trade unions' policy for reduced working hours and that it carries more dan-that the process of the trade unions' policy for reduced working hours and that it carries more dan-From Dr Dieter Kirchner. Sir, Earlier this month I had the pleasure of visiting the UK with a group of German induswith a group of German indus-trial journalists. We met aca-demics, industrialists and union leaders. Our purpose was to see for ourselves the great changes which have been brought about in your engi-neering industry in recent gers than advantages for com-nanies, employees, consumers and the unemployed. over a period when produc-tion has increased and hours have been reduced it is impos-

Reducing working hours may be a wrong move

sible to say which is the cause of new jobs. There are, how-ever, many indications that On my visit I learned that British trade unions are repeating a claim by the German metal trades unions that the more economic growth and more employment would have been possible had there been no reduction in working time. reduction in our working week to 37 hours had created or safeguarded 200,000 jobs. This is Our experience in Germany is that reducing working hours

not correct. Professor Neumann, until forces companies to iniroduce more technology. Since 1983, in recently chairman of the Wissenschaftlicher Beirat (Scientific Advisory Board) of the Federal Ministry of Economic no other industrialised country has the impact of investment on productivity been so high Affairs, confirms it. His view is that "when judging the recent reductions in working hours and the job creation effect so low. We are also handicapped by the shortage of skilled workers. from the aspect of their job creation effect, they represent a

Designed to influence

From Mr Ivor Owen.

years.

in being expected to achieve an almost mfinite task, defined in its charter as "the advance-ment of British industry by the improvement of design in the

products thereof." Clearly this involves careful selection of activity to optimise selection of activity to optimise value for money. Periodical reappraisal and change is inev-itable – but this merely reflects sound and responsible management and can in no way be fairly described as crito the future prosperity of this

Director, The Design Council, Meanwhile the council con-tinues to help many hundreds 28 Houmarket, SW1

country.

Ivor Owen.

of companies each year to improve their performance throngh a total design approach, and to play a key role in education from the primary level through secondary and tertiary. In this way it expects to exert an ever stronger influence in improving the performance of manufacturing industry which is so important

German Metal Industry Employers' Federation (Gesamimetall),

The responsibility of imple-mentation sits squarely on the

Leicestershire

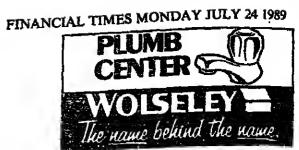
Investment world. This guide has been written to dispet the mystique and provide the investor with clear and concise information on how to move into and maximise the advantages of this long-established sector of the investment industry. Highly distrated with tables and graphs, the book gives a resolution provide to the vector profile profile for

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Janet Bush

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on Wall Street

Jury out on M&A partners

As investors, they stink. If you have a cheque book with no ismit and you don't care what you buy, they are wonderful

THAT is not the usual admiring assessment one hears around Wall Street about superstar mergers and acquisi-tions investment banking duo Mr Bruce Wasserstein and Mr Joseph Perella. But it comes from someone who knows them. likes them and is impressed with the enormous success they have had in build-

wall Street likes heroes and they have liked none hetter than Wasserstein and Perella, who built First Boston into an M & A powerhouse, rivalled by few, before leaving to set up on

few, before leaving to set up on their own in February 1988. They have advised on some of the biggest deals around and as a result Wasserstein, Perella has stormed up the M & A rankings. Wall Street has applauded. Recently, however, some questions have begun to pep-per the pages of the financial press and conversations with

press and conversations with their peers (if there be any). In the wake of their unsuccessful bid to take control of Britain's Gateway against the home-grown isosceles group, some have begun to wonder whether the firm is as uniformly bril-liant as everyone believed.

In any assessment of their track record, one has to take into account a certain amount of jealousy. With that caveat, however, there are two key criticisms of Wasserstein, Perella.

The first charge is levelled against their advisory work. There is apparently a wide-spread feeling on Wall Street, where Mr Wasserstein enjoys the nickname Bid 'em np Bruce, that clinching a deal is so all-important that price is so all-important that price is almost irrelevant. "They are strictly guns for hire," said one M & A specialist. "By concen-trating on winning over price, their fees go up and so do their construction." reputations."

Mr Wasserstein, regarded as the key advisory strategist of the duo, has a reputation of

F.W. draws the line at Mandela By Patti Waldmeir in Johannesburg

THE LEADER of South Africa's ruling National Party, Mr F.W. de Klerk, has for the first time declared his support for the recent meeting between President P.W. Botha and the jailed leader of the African National Congress (ANC), Mr Nelson Mandela.

But Mr de Klerk, who is widely expected to succeed Mr where expected to succeed Mr Botha as state president after the September 6 general elec-tions, drew a clear distinction between talking to Mr Mandela and negotiating with the ban-ned organisation which he leads leads. Direct talks with the ANC

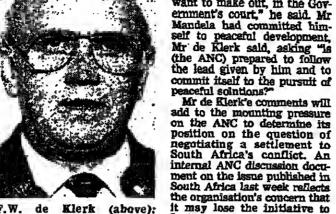
could take place only if the group echoed Mr Mandela's commitment to pursue peace-ful solutions to South Africa's problems - a formula recently adopted by Pretoria to replace its former insistence that the ANC renounce violence alto-gether as a precondition for

negotiations on South Africa's future. Mr de Klerk's comments, which were delivered before the Cape Congress of the National Party on Saturday, appeared to be aimed at exploiting divisions within the hlack anti-apartheid movement over the issue of negotiation and increasing pressure on the ANC to take a more flexible

line on talks. Archbishop Desmond Tuta the leading anti-apartheld activist, later condemned Mr de Klerk's statement as an attempt to "drive a wedge" between Mr Mandela and the ANC.

Mr de Klerk said he had no doubt that the tea-time meet-ing three weeks ago between Mr Botha and Mr Mandela had Mr Botha and Mr Mandela had been "in the best interests of South Africa" and stressed that he had supported the plan-ning of the meeting. But he repeated Pretoria's condemnation of South African groups which meet the leader-

ship of the ANC in exile. A



PRETORIA PRESSES FOR ANC COMMITMENT TO A PEACEFUL SOLUTION

F.W. de Klerk (above): welcomed the meeting held between P.W. Botha (below) and Nelson Mandela



steady succession of such meetings have been held over the past four years, including

The Front Line states are increasingly inclined to be "sympathetic to any kind of political settlement" in South Africa, the document notes, the one earlier this month between a group of 120 whites and the exiled leadership at its head-

quarters in Lusaka. Mr de Klerk attempted to shift the onus on to the ANC to break the current deadlock ment of the South African

over talks: "The hall is squarely in the court of the issne side-hy-side with the West." Pressure from the Soviet Union, which provides the ANC with significant mili-tary backing, could be a major factor in forcing a shift in the organisation's position. ANC and not, as some people ANC and not, as some people want to make out, in the Gov-ernment's court," he said. Mr Mandela had committed him-self to peaceful development, Mr de Klerk said, asking "is (the ANC) prepared to follow the lead given by him and to commit itself to the pursuit of peaceful solutions?" Mr de Klerk's comments will add to the mounting pressure on the ANC to determine its position on the question of Although the ANC continues

Although the ANC continues to insist publicly that it sees no sign that Pretoria is yet ready for negotiations, the document concedes that "there are clear signs that the regime will make positive steps towards negotiations and towards meet-ing the preconditions set dow

so could divide the so-called Mass Democratic Movement of Mass Democratic Movement of opposition groups. The possi-bility of a suspension of the armed struggle should he looked at, as well as the estab-lishment of a constituent assembly to draw up a new constitution. Such issues should be discussed by all the anti-spartheid groups in South Africa, with the aim of outlin-ing a united position in time Arrian, with the aim of birthin-ing a united position in time for the Organisation of African Unity summit which begins later this week in Addis Ababa. • Sonth Africa's Sunday Times newspaper has pub-lished an opinion poll suggest-ing that the September 6 gen-

Studies in Johannesburg, was among the last to be poblished before a ban on polls which

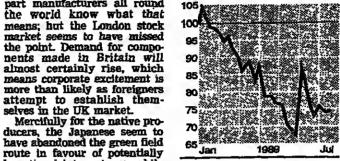
from 123 to 78, six short of an

National Party into a coalition with the left of centre Demo-cratic Party or the right-wing Conservative Party.

Forward gear for British motors

THE LEX COLUMN

Thanks to Nissan, Toyota, Peugeot and now Honda, rising UK car production into the next decade is assured. Car part manufacturers all round **British Telecom** Share price relative to the Cable and Wireless share price



that Asda will get its super-stores. The A&P camp may not mind all that much; retaining the superstores was doubtless necessary to obtain Mr Monk's agreement to the counter-offer, hut that no longer matters. Financially, there is an eppar-ent problem in that Cateway However, there is no need to cannot pass on the whole pro-ceeds in dividends, only the surplus to hook value; but there are doubtless ways round

that The central financing probing prices to keep up volumes, while the volume driven comlem remains that both parties have to take the money out of Gateway in the tax-inefficient form of dividends. But there ponent companies are not yet feeling the pinch. The market seems to have ignored the fact that the big four make barely are doubtless ways around that as well: for instance, through a little wrinkle called consorhalf their money from car parts; a recent study by War-hurg Securities shows that by tium relief, whereby - if the parties agree - the tax posi-tion becomes almost exactly what it would be were Gateway a wholly owned subsidiary.

It is also becoming possible to guess at the nature of the end game. Wasserstein Perella - still the official owner of the Newgateway stake - may want to follow the exercise through and take its share of the final profit. A&P presum-ably still wants the stores, but could be given an option to buy in place of the originally planned re-flotation. It has been a curious battle of wits, age of 20 per cent plus, it should be no worse than the

but it could end up to every-

market for anyone except Lucas - and Lucas's problem is not shortage of demand for brakes, but a rising tax charge and a dilutive rights issue. Mobile phones

one's satisfaction.

It is only a month since Lord Young announced his plans for the next decade of the UK mobile phone industry, and the stock market has already firmly decided on who will be the winners and losers. Racal Telecom's shares, which only a few months ago were a touch below £6, have underperformed the market by 27 per cent and British Telecom's shares have fallen by 9 per cent. By con-trast, Cable and Wireless's shares have outperformed the market on the belief that the benefits of the Government's

tinue, with BZW, for example, forecasting that the shares of Racai Telecom and BT will underperform hy 30 per cent and 10 per cent respectively over the next 12 months, while C and W's shares will hand-somely outperform the market. It is easy to understand the argument that profit margins will be under considerably more pressure if there are four Jul competitors in the mobile

phone market rather than the current two, and Mercury's new licence should be worth a lot provided it chooses the right partners. However, the question of the competitive strengths of the various mobile system propos-als vis-a-vis each other, and also BT's fixed line system.

cannot he properly assessed yet. The new personal commu-nications networks will be cheaper than the current cellular services and more expen-sive than Telepoint. They should all channel business away from BT but predicting consumer response to techno-logical developments is a haz-ardous affair, especially when ardous anar, especially when future pricing policies have hardly been discussed. The Government has shown itself quite capable of moving the goalposts while the game is in progress, so it would be dan-gerous to base investment decisions on the pronouncement of

a minister who might be about to leave office.

favonritism towards Mercury

Communications will more

than offset any worries about

Hong Kong, which currently provides close to three quar-ters of C and W's profits. Many brokers are expecting

this sort of performance to con-

Spain

Clearly, Spain is intent on winning acceptance by the international financial community. Last month it joined the European Monetary System, and this week it stages its own version of London's Big Bang in order to modernise its antiquated stock market structure. It is making all the right sorts of noises about the need to increase the liquidity of the market, and Drexel B decision to close its Madrid operation underscores the firm-ness of the Spanish authorities' intent to stamp ont insider trading. However, the continu-ing reluctance of many major Spanish companies to have their shares traded by the their shares traded by the order-driven computer system suggests that eradicating local market rigging of share prices may take longer than expected. It is no longer good enough to say that it is all part of a recog-nised game.

Mr Rama Rao and other lead-

ers said they had been elected by the people and were seeking

almost certainly rise, which means corporate excitement is more than likely as foreigners attempt to establish them-selves in the UK market. negotiations and towards meet-ing the preconditions set (by the ANC) in 1987." "We have to present our pro-posals on this issue before the rest of the world comes np with something," the paper notes, adding that failure to do Mercifully for the native pro-ducers, the Japanese seem to have abandoned the green field route in favour of potentially lucrative joint ventures, while Europeans and Americans may be thinking in slightly more hostile terms. The fact that UK components shares stand at a

discount of up to 25 per cent to the market is an open invitation. invoke either the Japanese or takeovers to conclude that the component manufacturers are too cheap. They are at a 20 per cent discount to the motor sec-tor, regardless of the fact that the car distributors are slash-

eral elections will end in a hung parliament for whites. The poll, carried out hy the influential Centre for Policy

giving the appropriate indus-trial multiple to the non-auto-motive businesses, the implied begins today. It indicated that an 80 per cent voter turnout would lead to a fall in National Party seats

value goes up some 10 to 15 per cent. The market persists in viewoverall majority. This would force the ing the component makers as highly volatile, tied to a five year cycle of UK car demand. The fact that the present cycle is into its seventb year of upswing simply increases the fear of the eventual downturn. While earnings growth will be nowhere near last year's aver-

Chinese have pressed the ANC to "move slowly and accept modification of the status quo

Gandhi faces new crisis over Bofors deal

Pretoria, or even be axcluded from such talks, unless it takes a firm position soon.

The document was drawn up at a recent meeting between the ANC, and the leading inter-

nal opposition groups, the United Democratic Front (UDF) and Congress of South African Trades Unions (COS-

Officially, the ANC contin-ues to stress the importance of the armed struggle against Pre-toria, and its sole comment on

the Tuynhuis summit between

Messrs Botha and Mandela was

a call for further armed action.

However, privately, as demon-

strated by the document, ANC leaders are worried by the level of pressure they are

under from some of their most

loyal supporters, both within and outside South Africa.

ATU).

By K.K. Sharma in New Delhi

MOST opposition members will resign their seats in the Lower doing. Leaders of 12 opposition par-House of India's Parliament ties decided on the resigna-tions yesterday after blocking business in both houses of partoday to try to force the Government to call an early elec-tion on the issue of corruption. The mass resignations are liament for three days last the latest challenge to Mr Rajiv week by barracking and slo-Gandhi, the Prime Minister, over allegations of corruption in the awarding of a \$1hn arms gan-shouting. The current cam-paign of protest is the first since the formation of the Jancontract to Bofors, the Swedish ata Government in 1977 to company. The opposition has stepped up its campaign for Mr Gand-hi's resignation following pubpresent such a united opposition front. A total of 106 opposition members plan to resign today, virtually eliminating opposi-tion in the 545-member Lok lication of a report by the Comptroller and Auditor-Gen-eral into the Bofors deal. The Sabha, or Lower House. Mr Gandhi's ruling Conreport raised questions over whether the Indian Defence gress-l party already has a four-fifths majority in the Lok Ministry properly evaluated costs of rival Swedish and Sabha. After today, the opposi-tion will be reduced to about 20 members of minor groups, French hids. An earlier inquiry absolved Mr Gandhi and his

Government of any wrong-doing. Leaders of 12 opposition par-So far there is no indication Mr Rama Rao and other lead-

that Mr Gandhi, who has not been seen in public for five days, will submit to pressure to

being extremely persuasive in getting corporations which he advises to up their prices to win - hence the nickname. His argument, it is said, is that if a company has a compelling business reason to buy another corporation, a couple of dollars a share on the acquisition price should not matter in the long-term. There was much criticism of

this sort when Campean Corpo-ration acquired Fsderated Department Stores, for exam-ple. Nevertheless, the number of top-flight companies on Was-serstein, Perella's client list suggest that there is consider-able agreement with its philos-

ophy. Mr Jeffrey Rosen, president of Wasserstein, Perella International, completely rejects the notion that fees are para-monnt. "People don't hear about the long-term relation-ships we are building up and the times we have persuaded clients against transactions." The second criticism is that

their investment record, where prics is of the essence, has been patchy. Detractors argue that Wasserstein, Perella had not built np enough expertise in investing domestically before making a foray across the Atlantic to Europe, particu-larly in the case of Gateway where the other side had already built up a sizeable block of shares.

block of shares. Mr Rosen, heavily involved with the Gateway hid, acknowledges thet the firm could have chosen an easier target hut adds: "We have, thoughout our careers, tended to focus on excellence in com-plex deals."

At home, Wasserstein, Perella bought Pneumo Abex, an aerospace and industrial prod-ucts business, jointly with Henley Group, which after eight months bought out WP's \$50m investment for \$165m. Mr Rosen believes the numbers speak for themselves. Detractors say that Wasser-

stein, Perella was effectively bailed out by Henley after the partners found buyers for the company's assets (needed to repay deot) at decent prices "Nonsense," said Mr Rosen. "Henley didn't buy us out as a charity. They are very shrewd, sophisticated investors." With a relatively short track

record in investing, time is needed to see how the deals done so far work out. "The jury is out," said one M & A

specialist. Still, while companies con-tinue to display an aggressive appetite for taking over other companies, Wasserstein, Perella will no doubt continue to command a formidable stream of advisory fees.

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dissolve the house and call an early election. Party members said the Government planned to continue with its parliamentary business.

The opposition claims that the report by the Comptroller and Auditor-General negates and Auditor-General negates the findings of the parliamen-tary committee which cleared Mr Gandhi of wrongdoing. The committee had been boycotted by opposition members.

The latest opposition move comes in response to a call for the resignations by Mr N T Rama Reo, Chief Minister of the state of Andhra Pradesh and chairman of the National any "authoritarian" moves by the Government.

now to g Jateway They said that Mr Gandhi had lost his mandate.

Among those agreeing on the move were three other chief ministers (of West Ben-gal, Haryana and Assam), as well as leaders of both wings of the Communist Party and leftwing groups which until now had not responded to calls for opposition unity.

Opposition leaders decided that supporters in the Rajya Sajya, the Upper House of Par-liament, should not resign in start case they had to act against

With the last hig institu-tional holding in Gateway disposed of last Friday, one of the oddest bids in recent history has drifted into limbo. The final count will be roughly 55 per cent Isosceles, 40 per cent Newgateway, with most of the rest untraceable. Both sides are now sending out strongly conciliatory noises. Soon it will be time for the horsetrading to

First of all, it seems clear

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Ventures

A member of IMRO

Andreotti heads new **Italian government**

By John Wytes in Rome

Party secretary, and Mr Arnaldo Forlani, the Christian ITALY'S 49th post-war government was sworn in by President Francesco Cossiga yesterday after a dour power struggle over ministerial jobs inside the dominant Christian

Inside the dominant Christian Democrat Party. Headed by the nation's most experienced man of govsrn-ment, 70-year-old Mr Giulio Andreotti, the line-up is yet another version of the five-party coalition which has ruled under four previous prime min-inter circus 1983 isters since 1983.

Mr Andreotti's success in reaching a coalition agreement for his sixth premiership ends the sixth longest - 65 days - and one of the most curious Italian political crises of the last 40 years. The ease with which the vet-

eren Christian Democret new coalition.

obtained the Socialist Party's backing in the last fortnight tends to confirm that the real purpose of the crisis was to dethrone his predecessor, Mr

Ciriaco de Mita.

Democrat (DC) secretary, made a pact in mid-May, which was designed not only to ditch Mr de Mita, hut also to guarantee a period of stability for an Andretti museumout a period of stability for an Andreotti government. Mr de Mita's denise is now complete. When he lost his position at the party congress, his days as Prime Minister were clearly numbered, since the new majority inside the DC - of which Mr Andreotti is part \sim wanted to alter the

DC - of which Mr Andreout is part - wanted to alter the existing distribution of power within the party and the state. Mr de Mita's faction fought to retain the six government slots they had held in the coali-tion, finally settling for five of the DC's 15 ministries in the new coelition

There are several novelties in the new 32-minister line-np, including the first Socialist Foreign Minister, Mr Gianni de Michelis, for several decades. Mr Guido Carli takes the Treasory after 32 years out of min-isterial office.

Political Rome believes that Mr Bettino Crazi, the Socialist

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Japan's ruling LDP in major election defeat

Continued from Page 1

Contributed from Page 1 cated by national proportional representation. With 17 per cent of the national vote counted, the JSP led the LDP by 3.4m to 2.74m. The results were broadly in line with the last pre-ballot opinion polls, which charted a slump in LDP support in the final days of the campaign. Mr Uno was under pressure to resign from some corners of his party even before yester-day's poll. His popularity was so low that party campaign managers refused to let him campaign actively.

Mr Uno's resignation would probably plunge the party into another leadership crisis since final days of the campaign. Voters described the LDP pri-marily because of the highlythere is no obvious candidate for his joh. His recent selection marily because of the highly-unpopular consumption tax introduced in April. They are also angry at the involvement of party leaders in the Becruit financial affair, the party's moves to Ilberalise agricultural imports at the expense of Jepa-nese farmers, and a sex scan-dal involving Mr Uno. The opposition parties cut a a swathe through districts long regarded as LDP strongholds, including Kvoto. Japan's

including Kyoto, Japan's ancient capital, Gumma prefec-ture, the home territory of Mr Yasuhiro Nakasone, the former Prime Minister who was deeply implicated in the Recruit affair, and Shiga prefecture, Mr Uno's home territory. Five for-mer Cahinet ministers lost their seats,

Continued from Page 1

The Bank generally makes confidential approaches to the banks and the individuals, and there is no public statement of

disciplinary action, in this case it indicates that it intends to

appears to be more structured. It is expected that this week Mr Boh Wilkinson, director of enforcement at TSA, will be

delivering a report to the Enforcement Committee,

which has Mr George Nissen of Morgan Grenfell as chairman.

act within about a week. At TSA the procedure

the hope that the unity of the opposition alliance cracks under the strain of success. Disciplinary steps likely If individuals are declared no (although certain people have-been refused admission).

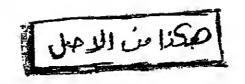
longer fit and proper, they have a right of appeal. No statement will be made by TSA until after an unsuccessful appeal. However, at some stage will become evident that individuals have been struck off the register.

The hlaze of publicity sur-rounding this affair will make it impossible for the suthorities to act discreetly. Nevertheless, sensitive judgments will need to be made, for instance on whether individuals should be forced out of the industry.

to succeed Mr Noboru Takeshits followed prolonged intra-party wrangling. The opposition parties are united in a plan to introduce as soon as possible legislation for the abolition of the consump-

They also intend to reopen the investigation of the Recruit affair through committees con-trolled by the Upper House. Some analysts say this double threat could force the LDP to call an early general election. However, others suggest the ruling party's best course would be to play for time in

tion tax.





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FINANCIAL TIMES COMPANIES & MARKETS



Monday July 24 1989

Disappointment at the end of the chase



INSIDE

^Himp

AT LY AND

STORY.

American Telephone and Telegraph'a investment in CIR, the industrial holding company controlled by Mr Carlo De Benedetti, Olivetti's largest ahare-

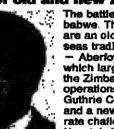
holder, may seem implausible. But, write Guy de Jongulères in the ss Column, it is

hardly any odder than the logic which led it to link up with Olivetti aix years ago. Then, both companies were chasing a mirage called "con-vergence", something that also enthralled, perplexed - and ultimately disappointed - many other electronics companies. Page 36

Cutting through the trees

The passing of nearly two weeks since tha £13bn (\$21hn) hid for BAT industries has enabled at least some holders of bonds in the company to work their way through all the anelysis of the implications of the offer and move towards a rational approach to the choices that they face. Of great importance in this context is the huzz phrase "event risk", writes Andrew Freeman. Page 23

Clash of old and new Africas



The battleground la Zimbabwe. The protagonists are an old-style overseas trading company - Aberfoyle Holdings, which largely conaists of the Zimbabwean operations of the former Guthrie Corporation and a new-style corpo-

rate challenger, Mr Kojo Nyantekyi (left), a Ghanaian ex-dentist whose escent Africa owns a 27 per cent stake in Aberfoyle, Phillp Coggan looks at the rare prospect of a hlack husinessman taking over a

A change of mind

UK company. Page 22

Japanese hanks have sparked a wide range of reactions in the Euroloans markets, from adml-. ration to contempt with a good dose of fear and respect thrown in. It has often been claimed that they buy market share by offering loans at low prices, but succeed in completing syndication of loans with some of the finest margins around. However, the view is galaing ground that they are becoming less aggressive and paying more attention to profitability. Norma Cohen reports. Page 23

Market Statistics

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10.1

Ruling that strikes at very core of Apple's business

Louise Kehoe on the significance for the US computer manufacturer of initial findings in its copyright case

mitation may be the sincer-est form of flattery, but for Appla Computer, the prosbecause it was the first legal test of whether anyone could lay exclusive claim to the "look and exclusive claim to the "look and feel" of a computer – the images on the computer display and the way in which a user interacts with the computer. Apple's com-petitors feared that Apple might win exclusive rights to the use of graphics to make computers easier in uses and menut configurate pect of dozens of competitors ini-tating the distinctive screen displays of its primary product, the Macintosh personal computer, is hardly welcome. All sorts of personal computers

and computer workstations could end up looking much like the Macintosh, however, if a prelimi-nary ruling issued last week by a federal judge in San Francisco easier to use, and many software developers delayed products creating or using graphical user interfaces for a wida range of types of computers.

stands. Judge William Schwarzer's rul-Judge William Schwarzer's rul-ing came in the copyright case that was initiated by Apple more than a year ago. The company sparked an industry-wide debate by claiming that Microsoft, the leading developer of personal computer software, and Hewlett-Packard, a leading US electronics and computer manufacturer. and computer manufacturer, infringed its copyright on Macin-tosb screen displays through their "Windows" and "New Wave" programs, which together create a "graphical user inter-face" for IBM-compatible comput-

The dispute had been seen as one of the most important in the history of the computer industry

ted this week.

However, although the case may no longer set legal prece-dents, it remains highly signifi-cant for Apple's competitors in the personal computer industry. The dispute has been compli-cated by an europerant between Apple and Microsoft signed in 1985 in which Apple licensed Microsoft to use in its Windows program Macintosh displays. This meant giving IBM-compati-ble computers a key feature of the Macintosh - the ability to show several application pro-

But it now appears unlikely that this fundamental question of the "look and feel" of a computer will be addressed. The ruling grams simultaneously. In its suit, Apple claimed that the licensing agreement related only to the original version of Microsoft Windows and not to raduces what was expected to be a landmark decision on software copyright to - in the words of derivative versions that look much more like the Macintosh

copyright to - In the words of Microsoft lawyer Mr John Mar-shall - "a garden variety copy-right case." Although the judge's ruling is preliminary and could be changed, lawyers on all sides of the case acknowledge that during Evidence accurate more debute the much more like the Marintosh displays. Rejecting Apple's arguments, however, Judge Schwarzer said in his ruling that "the language of the 1985 licensing agreement does not support Apple's restric-tive interpretation." Instead, he ruled that most elements of the current versions of Windows are covered by the hoence.



Apple chairman John Scalley with the Macintosh II computer interface programs could add to

advantage.

Packard

licence, the judge said, are "over-lapping windows" which layer displays of several computer applications over one another on the screen, and the design of "icons," little graphical representations of computer functions such as a file, a notepad or a

rubbisb bin. The ruling appears to weaken Apple's copyright infringement case significantly by limiting it to these two elements of the Macin-

while Apple's copyrights remain intact, the court's ruling on the licensing agreement will enable Microsoft to continue to develop and sell new graphical user interface programs, such as the recently introduced Presentation Manager program for IBM's PS/2 line of personal computers. This and other graphical user

gram differ substantially from

those on the Apple Macintosh. Hewlett-Packard and Microsoft planned to file a motion seeking a summary judgment on this aspect of the case in the autumn, said Mr Boorstyn.

said Mr Boorstyn. A counter-suit filed hy Hew-lett-Packard challenging the validity of Apple's copyrights, was "no longer a major issue," the Hewlett-Packard attorney said. "With most of Apple's claims rejected, our case becomes much simpler " much simpler.

At the Friday hearing, Judge Schwarzer strongly implied that the companies should reach an out-of-court compromise on the remaining aspects of their dis-

remaining aspects of their dis-pute. The case was "now down to points that do not warrant the expense or legal risk taken by both sides" in continuing the case, be said. Apple is in no mood to admit defeat, however. "The issue of overlapping windows is a big part of the case," said Mr Chris Otten-weiler, a lawyer for Apple. "Apple's creative design and arrangement of overlapping win-dows is covered by copyright," he dows is covered hy copyright," he claimed.

"The question remains, bas Microsoft infringed those copy-rights? Even if the judge's preiminary ruling stands, we still feel that we have a strong case on infringement," he said. "Apple has done the best it can to try to stall the competition.

Obviously, this ruling doesn't belp," said Mr Shaffer. "If I was a software developer, I

would be encouraged that I could advance the development ball without paying a fee," said Mr Marshall

Mr Greenspan volunteers to be a scapegoat By Anthony Harris in Washington

r Alan Greenspan's Humphrey-Hawkins evidence to Congress his half-yearly report on mone-tary policy and the state of the was cautious in one respect, but brave in another. His forecasts were carefully hedged the balance of risks had "shifted somewhat away from greater inflation towards recession."

Even in saying that, though, he did use the dreaded R-word, as American campaign organisers would probably call it. In doing so, he not only gave official sanotion to the growing number of in personal spending. n-worriers in the marke and in Washington; he conceded a central point to his critics on the left and on the right. If a sion does occur, he can now be quoted as saying that it can be pat down to errors in monetary policy. Well, perhaps. The slowdown in the US economy has been clear for several months, and the rise in business stocks in the last two months is grimly suggestive. Stock/sales AXXXXXX ratios have for some time been so stable that some analysts were ready to claim that the computer, and just in time ordering meth-ods, had ended the old-fashioned

business cycle; but the alowdown has now beaten the computers. What Mr Rahn - who is married to Ms Peggy Noonan, the President's campaign speech-writer – says loadly in public, some mem-bers of the Administration have been saying as persistently, but in private. Not all monetarists The figures for the whole economy show a precarious balance. Retail sales have been falling slowly in real terms throughout this year, and housebuilding is down very sharply. Exports and investment are still growing strongly – an annual rate of more than 17 per cent for mer-Professor Alan Meltzer of Chichandise exports, and 6 per cent

cago is a warm admirer of Mr Greenspan's policies up to now -"the best chairman I have seen;" for investment; but these cover relatively small parts of the econbut he is afraid that all the gains that have been made, through timely moves to head off inflaomy, and the pace may no longer be enough to offset the slowdown, tion, will now be aquandered in the attempt to head off recession. This is pretty near the view of the monetarist governors and regional Federal Reserve presi-Mr Greenspan is concerne dents who have supported a hard line on the Federal Open Market Committee. One thing which makes all the critics uneasy is Mr Greenspan's close attention to current economic indicators. They claim that he indulges in fine tuning, adjusting policy to every shift in his favourite numbers, rather than pursuing the steady long-term policy recommended by the theorists.

under the more monetarist Mr Paul Volcker; but this defence misses the central point the critics are making. Any adjustment to current conditions, they argue, is by definition much too late. Monetary policy takes a long time to have an impact upon the real economy, and since it cannot be reliably pre-emptive, it ought to be stab

Mr Greenspan has offered an indirect answer to this criticism. As he has explained often to Con-gress, monetary growth looks very singgish on a short view, but still anneary arcosting if work. but still appears excessive if you

to result from any given increase in M2), and in the underlying growth of productive capacity,

other computers some of the key features that have made the Mac-

intosh a success, significantly reducing Apple's competitive

"Apple may be reduced to defending the copyright of dis-play elements that are either obvious or trivial." said Mr Ricb-

ard Shaffer of Technologic Part-

ners, a computer industry ana-

"Apple's case has been virtu-ally gutted," claimed Mr Neil Boorstyn, a lawyer for Hewlett-

Apple did not originate the use

of overlapping windows, and even if it did, the function is not

copyrightable or protectable, the

company argues. Hewiett-Pack-ard also claims that the icons

that it uses in its New Wave pro-

both difficult to estimate. A critic could "prove" that pol-icy is too tight, or too slack, with-out using any implausible num-bers, and the numbers actually

need are constantly adjusted. And even if these difficulties could be resolved, the whola approach begs one question: is monetary policy the only thing that metters? that matters? It is not too difficult to explain the current slowdown in terms which leave the rate of interest



As for exports and investment, these can be explained quite largely through the exchange rate, which also has a powerful effect on commodity prices and inflation

This has something to do with monetary policy, but as traders know, the relationship is quite unreliable. In the last year or

Friday'a court room debate the judge did not appear inchined to make any significant changes. A final ruling, granting Micro-soft and Hewlett-Packard a par-tial summary judgment, is expec-

Base lending rates	32	Money markets	. 32
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25 Steinberg
25 Teck
Thornton Asian Mkts

with a greater danger - a self-feeding negative spiral which could lead to a sharp fall in output, and the kind of financial cri-sis which has already devastated the banks in Texas. The slowdown is a fact, and the easing of policy now is meant to ensure that it is mild and temporary.

According to his monetarist critics, the damage is already done. Mr Richard Rahn of the National Chamber of Commerce argues that the slow growth of the monetary aggregates over the last two years has already guar-anteed a sharp recession in 1990.

Policy itself has to fact been a good deal steadier than it was

20

go back several years.

He has now produced a for mula, known simply as P*, to resolve this puzzle. P* defines the "warranted" growth of money, defined as M2. If M2 is above P*, restraint is to order, but if it falls below it, then policy should be relaxed. Not too surprisingly, the the age structure of the populaformula shows that M2 fell below tion, and especially in the house P* a few weeks ago. The trouble is that, while P* makes good market. The baby boom created a sellers' market in houses, and

made all bouse-owners feel copy, it is not much use as a guide to day-to-day policy. wealthy; so they borrowed more. The numbers are very sensitive to small errors in estimating the There is now a shortage of young buyers, the market is sticky - a underlying money multiplier (the growth of GDP which is supposed hnyers' market. House-owners are uneasy, so they save more.

largely on the sideline The fall to consumer spending is simply a move back towards the normal rate of saving in the US dollar rates probably owe at least as much to burned speculative fingers (the result of interveneconomy; it is not the slowdown, but the previous credit boom which needs explanation. This can largely be found in

Remember

when big screens were only at the cinema?

tions which monetarists depiore). Market speculators now help the central banks rather than challenge them. The moves of the last few weeks are due at least as much to Japanese politics as to relative interest rates.

These are wild over-simplifica-tions, of course; but so is any monetarist explanation of events. Mr Greenspan may be right about the risk of recession, hut wrong in admitting so much of the responsibility for it.

Economics Notebook Growing East-West contact

THE last decade has been remarkable. Ten years ago the world's large industrial democracies were wracked with self-doubt and grappling with the shocks caused by the oil price rises of the 1970s. Free market principles now so dominate eco-nomic policy making world-wide that 10 days ago Mr Mik-hail Gorhschev, the Soviet President, wrote to this year's even-nation economic summit in Paris in search of greater economic co-ordination between Kast and West.

Mr Gorbachev's letter took the summit by surprise, but it was not a shot in the dark. The Soviet leader was doing no more than putting at the highest level the requests for help in developing the Soviet econ-omy that have been flowing at an accelerating rate into the West's national and international economic policy-making hodies

Two days before the summit started, Mr Yuri Maslyukov, chairman of Gosplan, the central Soviet planning agency, was visiting the Bundesbank in Frankfurt to learn whether West Germany's experience of making the D-Mark convertible in 1958 could be applied to the rouhle. Discreet visits on a range of economic issues have been made to such international institutions as the International Monetary Fund and the Organisation for Economic Co-operation and Development in recent months.

Among other things, Mr Gorhachev's letter proposed expert meetings to establish "a common economic language" and urged an exchange of information to create compatible eco-nomic indicators. It showed that the Soviet side bad already thought about some of the practical problems of greater co-operation on the strength of its contacts with the West.

But Western experts urge

caution when assessing what could emerge from their con-tacts with the Soviet authorities. There is, for example, uncertainty among some of those who have been dealing with visiting Soviet delegations over whether Mr Gorbachev really wants to adopt free-maret economics. The impression so far is that

the East Europeans are seek-ing radical change while the Soviet Union is looking more for improvement of its existing Another problem, should Mr

Gorbachev really want to turn the Soviet Union into a market economy, is that Western experts doubt whethar they could give him much useful advice

The task would be both huge and unprecedented. No West-ern economic organisation has any experience that would enable it to predict the conse-quences of such a large shock to an economy that lacks such rudiments as a concept of risk

or prica discipline. However, economic policy co-operation appears to be making progress at a technical level. The West can educate the Soviet Union on such basic issnes as how to measure counts and develop national ac compatible data.

Such nitty-gritty creates the building blocks for a free market system. But, as the G7 lead-ers made clear in Paris, it is far too early to consider inviting the Soviet Union to the annual economic summits

Forecasts challenge Progress towards the single

European market at the end of 1992 has begun to influence the working methods of economic forecas forecasters. Mr Doug McWilliams, chief economic adviser to the Con-federation of British Industry and a visiting professor at Kingston Business School, last

week unveiled what he claims is a new approach to forecast-ing the European economy.

In a new monthly publica-tion, the European Economic Report, Mr McWilliams has abandoned the traditional "bottom-up" method of forecasting Europe which entails looking at data derived from each European country and adding

together. Instead, he has adopted a "top-down" approach, using a specially devised model of the European economy alongside the usual predictions for such clobal trando global trends as world trade, commodity prices, interest and exchange rate movements. The results of this exercise than "drive" the forecasts of the individual countries.

If it all sounds rather like the way US economic for work, it is meant to. Mr McWil-liams contends that Europe is becoming more like the US and no-one would dream of forecasting the US economy by looking at each of the states individually and then adding it

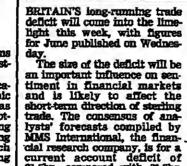
all un". Mr McWilliams believes that by 1995, Europe could be almost as much an economic unit as the US is how. He esti-mates that total trade in goods and services already makes up between 20 and 25 per cent of European GDP. Plans are being laid for increased monetary integration. To persist in bottom-up forecasting risks miss-

ing the common trends that affect growth in all European countries. Using his forecasting

method, Mr McWilliams suggests that the European economy should grow at a rate of 3.2 per cent per year between 1987 and 1991 or twice the rate from 1980 to 1987. Starting this r, Europe should grow marginally faster than the world

economy as a whole.

Peter Norman



inflationary pressures.

will show the extent of the

The consensus is for a rise of

ted

Re

THIS WEEK

1.5bn, compared with £1.3bn in May. Markets are likely to be wary, however, of a figure that is much larger than expec

Other UK indicators include the quarterly Confederation of June trade statistics for

UK trade deficit

West Germany are also expe Economic statistics in the US centre on preliminary estimates of gross national prod-uct in the second quarter, released on Thursday. These

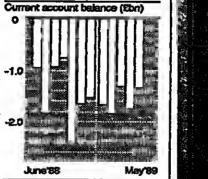
this week (with MMS International consensus in brackets) include

widely-expected slowdown and are likely to influence specula-tion about an easing of mone-tary conditions by the Federal for June (\$8bn). UK, cyclical indicators for June.

1.9 per cent at an annualised Wednesday: US, two-year Treasury note auction. Austrarate. The GNP deflator, a measure of inflation, is expected to have grown by 5 per cent. June's advance report on durable goods, which gives a guide to orders in the pipeline, lia, second-quarter consumer price index. Thursday: US, 52-week Trea

is published tomorrow. A rise of 0.9 per cent is expected. Bankers' figures on house purchase finance in second quar-ter, energy trends in May. Japan, June housing starts, construction orders and retail

sumer price index. UK, new vehicle registrations to June. European Community finance ministers discuss EC budget in



in the annual rate. The Bund-sebank council meets on Thursday, A change in interest rates is thought unlikaly, despite possible signs of an easing to inflation.

France, Japan and, possibly, ted this week. Analysts will be looking for signs of an improvement in France's defi-cit and an easing in the West German and Japanese sur-

Other events and statistics Today: US, Federal Budget

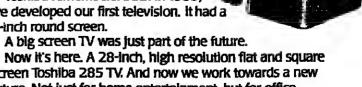
Tomorrow: US 10-day car sales. UK, building society commitments for June (24.5bn).

sury bill auction. UK, Commit-tee of London and Scottish

sales. Friday: Japan, June con-

TOBHINA

Toshiba remembers. Back in 1939, we developed our first television. It had a 9-inch round screen.



screen Toshiba 285 TV. And now we work towards a new future. Not just for home entertainment, but for office equipment, medical equipment and a whole array of consumer and industrial products. Because at Toshiba, we continue to work towards the day when we say, "Remember when ... ?"



The strength of the US consumer features on Friday with figures for personal incomes and consumption in June. The consensus is for rises of 0.4 per

cent in incomes and 0.3 per cent in consumption. In West Germany, figures for consumer price inflation in July are expected sometime this week and could show a fall Brussele

British Industry industrial trends survey published tomor-row. This includes measures of business confidence, output, orders, prices, investment and capacity. Analysts will be looking for signs of a further slowing in manufacturing pro-duction growth and possible

Strate at

equity stakes of overseas inves-

tors to 5 per cent. Mr Nyantekyi criticisee

Aberfoyle for raising only

21.1m in the rights issue, argu-ing that the issue was too small to solve the group's fin-

He is also unheppy that,

UK COMPANY NEWS

Logitek paying £10m to expand services division

week reported revenues 37 per

cent higher at £29.2m and pre-tax profits up 34 per cent at £2.75m, comprises two divi-sions, one concentrating on distribution providing about 85

per cent of revenues, the other

on computing services. Mr James Pickup, managing

director of Logitek, said he was seeking a 50:50 balance

between revenues from distri-bution and computing services.

The acquisition of Advansys, which turned over £23.4m in 1989 with pre-tax profits of

personal pensions market leader

By Alan Cane

22

LOGITEK, a Greater nary, and full acceptance Manchester-based computing would represent some 27 per cent of the enlarged capital. to acquire the Advansys group of companies for £10.1m. Irrevocable acceptances have been received in respect of 82.9 per cent of the capital.

The acquisition will create a group with strengths in microcomputer distribution, independent maintenance, net-working and communications, software and Unix-based solutions.

The offer comprises an mitial 57.1m together with a fur-ther maximum payment of 13m related to the performance of Advansys in the year ended April 30 1990.

Logitek is offering 3.949 shares for each Advansys ordi-

£1.2m, will bring the balance to 65:35

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cent of the enlarged capital. There is a partial cash alterna-tive comprising 2.962 Logitek shares and 172.8p cash. The Advansys group com-prises three companies, CSM which develops accounting software packages, CSM Systems which sells computer Logitek, which earlier this

hardware and coftware and Azian which distributes Novell local area networking prod-ucts. According to Mr Pickup, the enlarged group will be able to compete more effectively in the market place with the abil-ity to offer customers a wider portfolio of products and services and secure better econo-mies of scale. To raise working capital for the enlarged group, a further 1m new ordinary shares in Logitek have been placed with institutional inves-

A corporate challenger out of Africa

Philip Coggan gets to the root of the battle between Aberfoyle and Crescent Africa

HE BATTLEGROUND is which required the building of Zimbabwe. The protagothe Manyuchi dam, will not be nists are an old style profitable until 1994-95.

Aberfoyle Holdings, which largely consists of the Zimbah-wean operations of the former Guthrie Corporation — and a new style corporate challenger, Mr Kojo Nyantekyi, a Ghanaian ex-dentist.

Mr Nyantekyi wants his Crescent Africa company, which owns a 27 per cent stake in Aberfoyle, to take over management control. But the Richmond-based trader has rebuffed his approaches and is making a one-for-eleven rights issue to bolster its finances.

The prospect of a black Afri-can businessman taking over a UK company is possibly unique and may provoke a lively clash at Aberfoyle's sumual meeting on August 11. Aberfoyle's main problem

Aberfoyle's main problem since it was established in 1984 is that Zimbabwean exchange control regulations prevent the company from remitting to Britain more than 25 per cent of its post-tax earnings. So although the company's hotch-potch of trading interests - in Rawlin

ers a dividend.

Corporation to establish a 12,000 bectare oil paim planta tion in the Zimhabwean low-lands. However, the project,

at June 30 1989 net dilnted asset value was 158.81p, com-pared with 105.5p a year earlier and with 115.9p at end 1988. Karnings for half year 0.26p (0.43p). ELECTRONIC MACHINE

achieved turnover £1.64m in half year ended March 31 1989 (£1.35m) and profit before tax £31,000 (£35,000). Earnings 0.6p (0.9p) and interim dividend held at 0.3p. Overall group is making progress and prospects FKB GROUP. has acquired

to be at least \$320,000. GREENFRIAR Investment: net asset value at June 30 1989 was 880.84p (319p), Earnings for half year 2.16p (0.96p). Gross income £506,000 (£350,000). NORTON, the motorcycle group, has accepted the offer from Minty, a furniture maker, in respect of 72.3 per cent of its capital. It has been declared

RIVER AND Mercantile Trust expects to pay total dividend of et least 7.3p for 1989 (6.55p), as income continnes to be buoyant. In first six months earnings 4.11p (3.55p) and second interim dividend of 1.5p. Gross

Funding is, therefore, a problem. Mr Ian Coates, chairman of Aberfoyle, says he has been negotiating to persuade the Zimbabwean Government to invest but bureaucracy is "slow and combersome". As the rights issue circular waspishly comments, government support "remains intangible". Crescent Africa argues that it is because of strained relations between Aberfoyle and the Zimbabwean Government that no funding has yet been forthcoming. Mr Nyantekyl believes that Aberloyle is regarded as a "colonial" com-pany by the Mngabe regime and that he and his fellow directors, who include a former Aberfoyle executive Mr Brian Igoe, have the contacts to

Kojo Nyantekyl: a former dentist adept at drilling

from the October 1987 crash. Mr Nyantekyi says that if Crescent took control of Aberfoyle, the company would bring in outside equity inves-tors to the Mwenezi project and would diversify outside Zimbabwe so that the company could build up enough earn-ings to pay dividends. Although Aberloyle revealed

smail to solve the groups the ancing problems. The main reason the rights was limited in size, he believes, is that issues of under 10 per cent of the equity do not require shareholder approval. a pre-tax profits increase of 56 per cent in 1988, Crescent points out that the vast majorsince Crescent first built up its stake, two executives, Mr Paul ity of that growth came from the sale of Zimbabwean investments, following a change in government rules limiting Wilks and Mr Brian Gill, have had their contracts altered to

give them greater security in the event of a change of con-

ipil.

.....

trol Mr Coates, unsurprisingly, rejects these criticisms. On the new contracts, he says that: The arrival of a predator cre-ates uncertainty. I didn't want them (the executives) to up sticks and find something more permanent".

Nor does Mr Coates believe that Aberfoyle is regarded as "colonial". He says he has very good and regular contacts with the Zimbabwean government and Mr Denis Norman, a former Minister of Agriculture in the Mugabe govenment, is on the board of the Zimbabwean subsidiary. There are also three or four black executive directors and a black non-executive chairman on subsidiary boards.

On one point Mr Coates has seemed to accept the Crescent view. He now believes that he should bring in other equity investors to back the Mwanezi project before the government invests. But he cites the pros-pect of Mwenezi funding and the forthcoming repayment by the Zimbabwe Government of a Z\$3m (1900,000) deposit, as reasons for the limited size of the rights issue.

Aberfoyle believes that if Crescent wants control it should make a bid for the company - that, in the phrase used by Storehouse about Mr Asher Edelman, it should "put up or shut up". But Abertoyle's share price, which reached a low of 14p last November, has climbed so fast that Mr Nyantekyi may continue to confine his criticism to the sidelines.

Although Mr Nyantekyi was just a dental student when he first came to England in 1968, he is no longer a humble tooth eurgeon. His wife is an Ashanti princess and he is an old school friend of the Ghanalan leader, Flight Lieutenant Jerry Rawlings. In the UK, his business career started with property investment before he decided to move into the oil industry.

"Having been a dentist, 1 am adept at orilling" he quipped. Crescent Africa is now a trading company, dealing in oil, huilding materials and food products; it made a pre-tax profit of £150,000 in 1988 after a loss of £900,000 the previous year caused by losses on stock market investments arising COMPANY NEWS IN BRI Product Development Partnership for an initial £1.58m cash; total consideration could be 18m. Pre-tax profit for year ended June 30 1989 warranted

£29,000 (£61,000) after interest

unconditional. BOARD MEETINGS -----

Aug. 9 July 27 Sep. 22

revenne \$4.7 m (2, 14.). Net asset values per share et end-Jnne; preference 118.01p (107.6p); income 51.54p (46.9p); capital 207.84p (172.9p). SELECTIVE Assets Trust: at June 30 1989 net asset value was 136.6p (107.1p). Earnings for half year 0.3p on increased capital (0.18p). Total income 1923,000 (1758,000). SYCAMORE HOLDINGS; for half year ended March 31 1989 sales £3.95m (£3.33m) and loss

> £158,000 (£44,000). Loss per share 0.031p (0.067p). Prospects for year could be hit by higher interest rates. TOMKINS has sold the entire issued share capital of SSD for £10. In addition, Tomkins has received settlement of inter-company indebtedness of 1.46m cash. SSD is engaged in the production and merchanting of pressure gauges, temperature instrumentation and control

> devices. Its net assets at April 29 1989 were £1,654. TRIBUNE INVESTMENT Trust

GENFELANCE N.V ted with Hability in The Metherlands and having \$5 statutory seat in Accel 1068 108.008.008 Floeling Rate Notes dat 1984 European In accordance with the tortus and con-ditions of the Notes, we hereity give notice that the next interest date will be January 24, 1980. Investment Bank Annual Interest rate for the period from July 24, 1980 to Jenuary 24, 1880 will be 823% interest psychie will be:
 USS 456.80 per coupon for USS 180,000 denomination better poles. £100,000,000 9 per cenr. Loan Stock 2001 LOAN STOCK 2001 S.G. Warburg & Co. Ltd. announces on behalf of European Investment Bank that in the six months preceding 16th July, 1989, £1,250,000 nominal amount of the above Loan Stock was cancelled pursuant to the provisions of the Purchase Fund relating to the above Loan Stock in respect of the twelve months purchase period ending on 16th July, 1989, £83,750,000 nominal amount of the above BANQUE GENERALE DU LUXEM-BOURG S.A. Reference Agent JEWEL Limited Recomposited with Samind Exhibity in the Constant Interests nominal amount of the above Loan Stock was outstanding. NOTES DUE 1992 S.G.Warburg & Co. Ltd.

and the second s

By Eric Short, Pensions Correspondent radical pension reforms intro- 14.3m last year, duced last year to encourage Sales of investment and PRUDENTIAL Corporation, Britain's largest life assurance and financial services group, duced last year to encourage people to switch from State to private sector provision, both

Pru consolidates position as

has consolidated its position as the market leader in the new style personal pensions. New business results for the first six months of this year

reveal that between January 1 and April 5 the Pru sold 173,000 rebate-only personal pensions to employees wishing to con-tract-out of the State Earnings-Related Pension Scheme.

This brought the total sales by the Pru of rebate-only per-sonal pensions since their launch to around 400,000, giving the group at least a 10 per cent market share in terms of numbers of contracts sold.

This bnoyancy in the per-sonal pension market resulted in new annual premiums on individual pension business advancing nearly 50 per cent from £52.7m to £77.8m, and sin-£16.4m gle premiums jumping from

£16.7m to £291.1m. These figures underline the success of the Government's this figure, compared with

Thornton Asian Markets offer oversubscribed

By Clare Pearson

THE OFFER for subscription in Thornton Asian Emerging Markets, a new £100m invest-ment trust which is thought to be the largest ever launched from scratch, has been oversubscribed.

Firm undertakings to subscribe have already been received for 74.87m, and a further 130,000 were subscribed by some of the directors. The trust aims to invest in

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personal and company pen-Pru's figures also showed expansion in its corporate pen-sion business with new annual premiums more than doubling

from £7.3m to £17.1m, boosted by substantial growth in AVC (Additional Voluntary Contribution) schemes, and single premiums rising from £92.1m to £179.2m, which included £53m of segregated pension fund money.

savings products held up well, with the unit trust subsidiary, Prudential Holborn, increasing sales from £106.8m to £128.4m, including £30m from the newly launched Holborn Trust.

. This rise is very much against the general trend in the unit trust industry which has seen a severe slump in sale

tors at 160p a share.

The international division continued to expand its life and pension operations, with new annual premium sales rising by more than 40 per cent to The Pru, in common with other life companies, was hit by the downturn in the hous-£89.9m, the fastest growth com-ing from the US subsidiary, Jackson National Life. Single

premiums overall amounted to £661.Am against £641m. The reinsurance subsidiary,

ing market and new annual premiums on mortgage-related business declined by more than a quarter from £22.2m to Mercantile and General, also reported buoyant long-term insurance business, with new Mortgage-related salee through the Pru's estate annual premiums up by 50 per cent to £38.2m and single pre-miums rising nearly 40 per cent to £37.2m.

> FT Share Service The following securities were added to the Share Information Service in Saturday's edition: encoll

Allen (Section: Buildings). Ball (A.H.) (Buildings). Hadleigh Industries (Indus-

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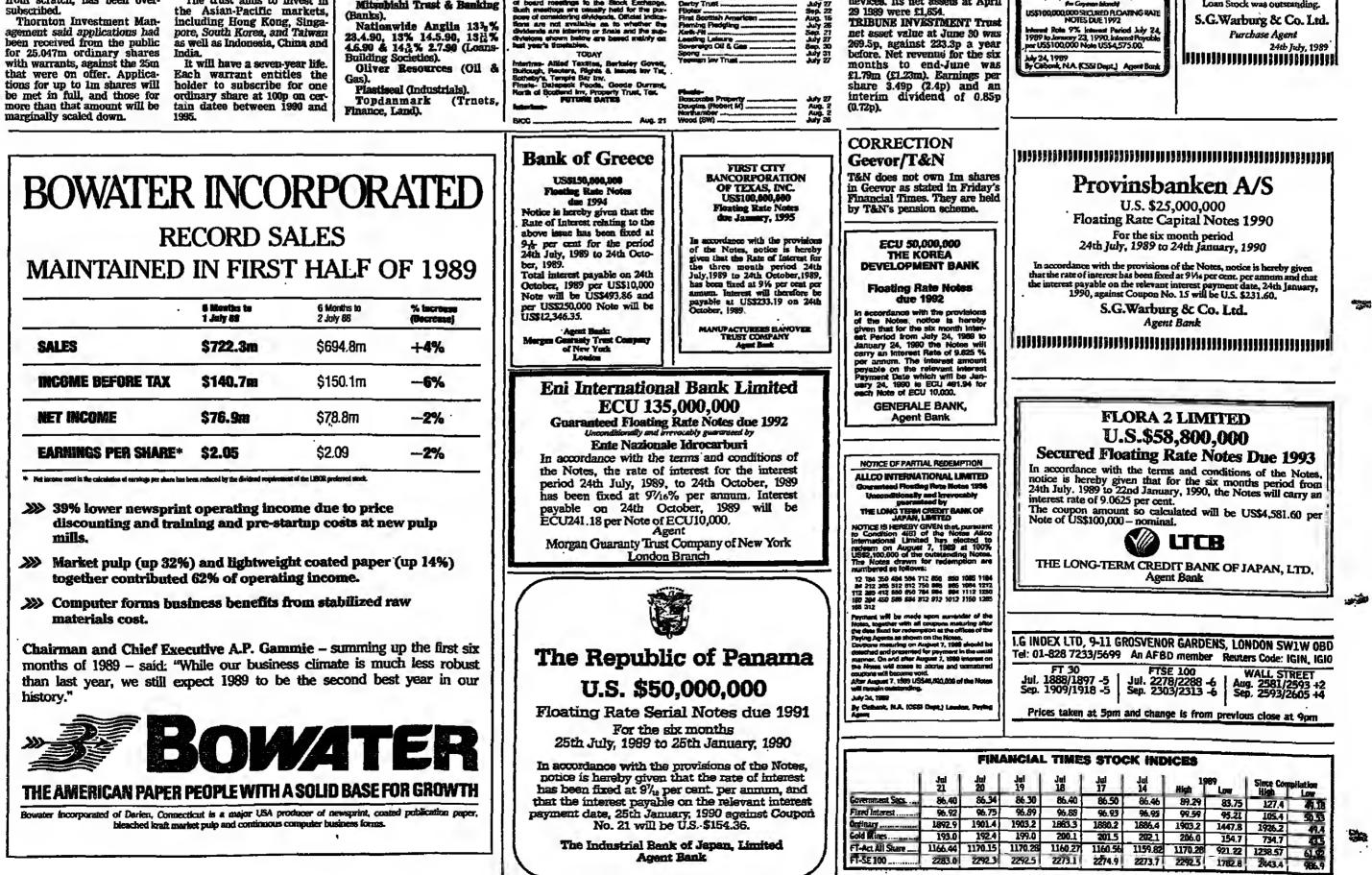
trials). Jersey Phoenix Trust (Ord & Warrants) (Investment The following companies have collided delue of board meetings to the Slock Eacharge, Such meetings are causily held for the pur-

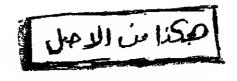
Trusts). Mitsubishi Trust & Banking

textiles, electrical engineering, fire extinguisher manufacturing, property and agriculture ~ have been profitable, it has been mable to pay sharehold-

Venture capital projects are allowed to remit 50 per cent of their post-tax sarpings over-seas. So in 1965, Aberfoyle set up the Mwenezi Development

CARDIFF FROPERTY made pre-tax profit of £48,638 in half ear ended March 31 1989 (£48,469) from gross rental income £161,674 (£106,628). Rarnings 1.35p (1.34p) and interim dividend 0.75p (0.85p). CONTINENTAL Assets Trust:





INTERNATIONAL CAPITAL MARKETS

EUROCREDITS INTERNATIONAL BONDS Changing role of BAT bid prompts dilemmas over approaches to risk **Japanese banks** cent 2003/08 loan stock dropped like a stone, its yield spread against UK government stocks rising by 45 basis points. The effect on other unsecured loan THE collective mental energy being spent analysing the implications for bondbolders of cally high exposures to the cor-"Put options put the ball in the wrong court," argued another fund manager. Instead, **Yield premium**

kets, running the gamut from admiration to contempt with s 18½ basis points in the first

Sector State

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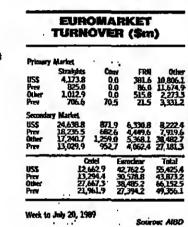
they buy market share by offering loans at low prices, but succeed in completing syndication of loans with some of the finest margins around.

But now, bankers, and even some borrowers, say that some of the most aggressive urges of Japanese banks appear to be tapering off. Greater attention, they say, is being paid to prof-itability although not enough to force margins up on new

Euroloans generally. Evidence of this new-found profit consciousness among the Japaness is still only anecdotal. For instance, at the sign-ing ceremony last week for a Ecul50m 10-year loan for Autostrade, an Autostrade offi-cial remarked that it had been more difficult than ever to entics Japanese lenders into

The loan, arranged by Banco di Roma, attracted over Ecu300m in commitments, so eager were lenders to take up the offer. Of the 34 banks in the syndication, 10 were Japa-nese. Virtually all of these were at the lead manager level where front end fees of 15 basis points will enable the banks to meet their margin targets.

According to a senior lend-ing official at one Japanese bank, there is increasing pressure from Tokyo-based beadquarters on loan officers not to



JAPANESE banks have sparked a wide range of reac-tions in the Euroloans mar-kets, running the gamut from strade deal carries a margin of strade deal carries a margin of animization to contempt with s good dose of fear and respect thrown in. They have been the subject of repeated accusations that the subject is a subject in the mass points for years three to 10. There are fees for lead manag-ers of 15 basis points, the category most Japanese lenders fall into.

"As a marketing officer, I've had to work a lot harder in Southern Europe than I us to," he said, explaining that the business now deemed acceptable for pursuit is narrowing.

Of course, several Japanese hanks – perhaps unfairly – have maintained their reputa-tion for aggressive lending. Most notably, Sumitomo Bank has been simpled out recently has been singled out recently for leading several deals for for leading several deals for Greek borrowers with margins that made other banks gasp. It is the only Japanese bank to turn up in Euromoney Loan-ware's league table of the top 20 bank loan arrangers in 1986 and 1990

and 1989. Still, the Greek loans were quickly syndicated, suggesting that if nothing else, Sumitomo is no more aggressive a lender than its competitors.

Meanwhile, certain Continental banks are acquiring a reputation as aggressive lenders, notably those based in Bel-gium and Luxembourg. Bank-ers point to certain anomalies in the two countries' tax structures which create liquidity in their banking systems and cut lending costs. In particular, Belgian banks are able to obtain tax relief through issu-ing so-called withholding tax certificates which allow them to obtain tax credits for the payment of clients' withholding tax. A fluke in the system

allows banks to capture some-what more tax credit than was actually paid out so that returns on some bank loans are higher than they may appear,

Dalel Finance(f)+++5+ Uehara Sei Shoji(j)+++5+ JBH4 Int. Finance++++ Bankers attribute the relative scarcity of Belgian and Luxembourg banks among the ranks of arrangers to limited underwriting capacity for some of the largest deals and to a certain amount of risk aver-Lodd Permanent B.Soc. Royal Trusco Morgan Guaranty Trust State Bank of Victoria sion

Norma Cohen

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the £13.2bn bid for BAT Industries probably more than out-weighs the thought that went into the bid itself. As the days stocks in the UK domestic market was even more dramatic as pass, however, at least some holders of BAT bonds are investors began to reassess their attitude to long-term corbeginning to see their way through to a rational approach porate debt.

to the dilemmas they face. Chief among those dilemmas has been the buzz phrase of "event risk," the risk of an event (in this case the leverevent (in this case the lever-aged bid) which increases the chance that covenants might be breached leading to forced redemption of bonds, or at worst that a company becomes unable to pay interest or prin-cipal in full. have shown a similar trading pattern to many Euro-sterling So far have spreads moved, several houses are now advis-ing confident clients that it is an ideal time to buy invest-

In the corporate bond marin the corporate band mar-ket, there is good as well as bad event risk. For example, there is the "risk" that a sin-gle-A rated company might be taken over by a triple-A rated company, triggering healthy repayments for bondholders. given that any new supply is unlikely until the resolution of the BAT bid.

US DOLLARS

IMI Bank Int.

Kajima Corp.4 Mitsubishi Rayon Co.4 Iwatani Int. Corp.4 Talsho Marine & Firet Canana Finet

Sepporo Finance Great Western Fin.(e) Thermo Proc.Systems(k)

Long-Term Credit Bank

BFCE Bge Nationale de Paris

NEW ZEALAND DOLLARS

C'wealth Bank Australia

Mishima Paper(d)**§

Atsugi Nylon Ind.(i)**§

Land Securities(c)5+

IBM Int. Finance Loods Permanent B.Soc.

CANADIAN DOLLARS

Royal Trust Corp. AUSTRALIAN DOLLARS

World Bank

D-MARKS

STERLING

Tokal Kisen**

SWISS FRANCS

By contrast, portfolio manag-ers have pointed out that there Nevertheless, after the Hoy-lake bid, BAT'a own 12% per is little merit in taking a

Maturity

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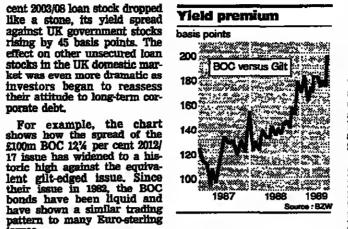
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short-term or narrow view of the price effect of the bid. Instead, they suggest, they are considering how they might best protect their long-term lendings to compa-nies from event risks such as leveraged buy-outs. This has particular relevance in the UK ment-grade corporate bonds with covenants, especially hecauss the government's buy in programme of its own Tressury stocks means that many institutions have histori-

Book runner

Nomura Int.

LTCB Int.

1015 Bankers Trust Int 1012 ScotlaMcLeod 101.85 Societe Generale

102 Hambros Bank

1013 IBJ (Germany)

SBC

Hambros Bank

Nikko/J.H.Schroder Bk

Citicorp Inv. Bank Credit Suisse SBC

100 J.H. Schroder Wagg

101.30 .S.G. Warburg Secs. 101.71 Salomon Brothers

101,225 S.G. Warburg Secs. 101.05 Bering Brothers 101.60 Shearson L'man Hutton

Nomura Int. Yamaichi Int.(Eur)

Bankers Trust InL ScotlaMcLeod

Merrill Lynch Shearson L'man Hutton Bankers Trust Int.

porate bond market, giving them a powerful portfolio kets. interest in preserving the integrity of their holdings.

Even on the debt side alone, the long term borrowings most affected by a leveraged take-over usually represent only a small part of a company's total borrowings, leaving a whole spectrum of other instruments to be considered.

Further, the institutional investors face the problem that invariably they are simulta-neously equity holders, and are therefore in the position where they might be asked to rob Peter to pay Paul.

One fund manager said last week: "The question we are asking ourselves is what pro-tection can we have as bond-holders where we won't feel ripped off as equity holders."

Eurobond syndicate managers have been locked in infor-mal discussions with each other this week, trying to answer this question from the issuing perspective in an attempt to find a way forward

for the long end of both domes-tic and Eurosterling bond mar-

As one said: "The new issue business is there waiting to be done, but we can't begin to launch deals at the moment." While there is general agreement that it would now be unthinkable to issue bonds without protective covenants, there is fragmentation over the precise form of restrictions. This bas confined recent

suing activity to a handful of five-year Eurosterling deals for non-UK names. The use of investor put

options, allowing holders in the event of a leveraged bid to redeem their bonds to s set for-mula like a spread against the equivalent government issue, might appear to be a simple and reasonable solution. Institutional investors, howyear.

ever, argue that this would solve only the fixed-income dilemma and go against the grain on the equity side. In addition, such options would presumably make new issues more expensive than existing unprotected bonds, leading to a two-tiered market structure.

Av life Coupon

he said, it should be the company's option to breach covenants or to repay a bond issue. When an investor lends to a company for 25 years, it expects the company to oper-ate within certain guidelines. If the company changes hands, it should be the company that decides whether or not to alter those guidelines, and it should

23

SO. The short-term solution is likely to be that any new issues will have relatively tight covenants, but that they will not go to the extent of the so-called poison puts that pro-liferated in the US market after the RJR Nabisco takeover last

compensate investors if it does

In the longer term, invest ment institutions, banks and horrowers will all have to revise their approach to corpo-rate debt and its relationship to equity.

Andrew Freeman

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NEW INTERNATIONAL BOND ISSUES Offer yiel Daiwa Europe Nildko Secs.(Europe) 3.87 4.00 3.87 3.87 8.46

er yield %	Borrowers	Amount m.	Maturity	years	Coupon	Price	BOOK FUINIO	oner yield
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4.884	Denmark, Kingdom of	16.6bn	1996	ż	(q) 53	101 7	Mitsul Finance Int.	5.050
*	Rep. Naura Fin.Corp. **	Sbn	1994	5	7	100	Daiwa Secs.	7.123
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9.375 11,370	What yet priced, & Private plan Launched in two Vibs traches, or	He with coupor	tiong-term p	rime rate (Ci	12.8%), oth	or 12.8% n	ninus long-term prime rate. bi	Launched in two

Launched in two Yibo tranches, one with coupon long-term prime rate (cap 12.5%), other 12.5% minus long-term prime rate, bit Launched in two Yibn tranches, one with coupon long-term prime rate (cap 13.5%), other 12.5% minus long-term prime rate c) Not-claible for 5% years -suchange option 5-10 years into non-convertible 194% to pool due 2004, 07 Yield to put 3.95%, e) 200p over 3-month Libor () Yield to put 3.85% (p) Launched in two tranches, one of Y2-bye with 5.5% coupon, other Y300m with 7% coupon Redemption linket to Nikkei slock, more, h) Cast at 105 Jean (990 declining 1% p.g. Convention price ordinary shares Lib60 and sevings nhares Lif50, iii indicated yield to put 4.333%, h) Yield to put 4.047%, k) Non-calinate for 1 year, tep option, i) Fungale with FFri.5bn tasue launched in June 1988, m) Launched in two tranches of LFrs300m "sech, n) Redemption floked to Nikkei stock index. Note; Yields are calculated on AlBD basis. 12.004 11.314 11.464

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We are pleased to announce that as of July 31, Goldman Sachs will be making markets in Japanese equity warrants.





European Investment Bank

Placing of a further issue of

£100,000,000 9½ per cent. Loan Stock 2009

to form a single issue with the existing issue of £225,000,000 91/2 per cent. Loan Stock 2009 at an issue price of 91.75 per cent. plus accrued interest from 9th June, 1989

by

Barclays de Zoete Wedd Limited

June, 1989

INTERNATIONAL CAPITAL MARKETS

UK GILTS

US MONEY AND CREDIT

Fed signals slower easing of policy

second week running as markets judged from the Federal Reserve's actions and its coairman's words that further easing of monetary policy will come in smaller, slower steps than they had hoped.

With the Fed manoeuvring to keep the Fed funds rate at 9% per cent for now, there is little hope for bonds to break out of their narrow trading

range. The yield, for example, on the Treasury's 30-year long bond meets too much investor resistance to fall below 8 per cent though buyers should reappear when it rises to reappear when it fises to around 8% per cent. It backed up during the past week from 8.08 per cent to 8.15 per cent. "The bond market rally for 1989 is largely over," vouched Merrill Lyncb in its weekly

commentary. Markets have already included in their valuations all the good news to come

in the medium term. Bond supply is about to increase as demand diminishes so prices are likely to slip fur-ther during this "consolidation phase." Later, the long bond will pnsh below 8 per cent, "hut that will take more easing from the Fed and more weakness in the economy."

Investors were keen to hear what Mr Alan Greenspan, the Fed's chairman, had to say on hoth subjects in his semiannual testimony to Congress last Thursday. There was good and had in the message, result-ing in a basically neutral

impact on the markets. He said he was "gratified" by falling inflation rates in recent months. Indeed, the day before he spoke, markets learnt that the consumer price index rose only 0.2 per ceot in June from a month earlier, its smallest increase in 17 months.

"The balance of risks may have shifted somewhat away from greater inflation," he added

Thus, the Fed had switched more of its attention to preventing "an unnecessary and destructive recession." It does not believe one is likely but it will be watching like a hawk economic data such as involuntarily accumulations of inventories

The policy dilemma was clear, though, from the Fed's latest forecasts compared with those it gave Congress six He had told Congress wea months ago. It revised down money growth was still a con

US BOND prices slipped for the estimates for growth but cern, so presumably the Fed revised up estimates for inflation. The former would warrant more easing, the latter

> The US economy will grow at a real rate this year of between 2 and 21/2 per cent (down from the earlier forecast of between 21/2 and 3 per cent). The consumer price index will rise by between 5 and 5% per cent (up from between 4% and

5 per cent). The Fed comported itself accordingly. When the CPI fig-ure turned out below market forecasts, hopes rose that the Fed would shave the Fed funds rate immediately. It did not. The best hope now is a quarter point reduction after the July jobs data are released on August 4.

Moreover, Mr Greenspan indicated the Fed would not cut the discount rate soon. He emphasised the central bank sees such actions - lagging the markets not leading them - as symbolic moves to underscore changes in the Fed pol-

icv One factor that did change dramatically last week was money supply. After languish-ing for months it spurted spec-tacularly, largely removing itself from the list of reasons why the Fed should ease. Fed governors had been

expressing concern about the slow growth of money supply, particularly M2. Sluggish demand for money indicates a slowdown in economic activity so M2's performance was certainly a factor in the Fed'a reduction in Fed funds in early June and again in early July. In fact, M2 - currency, current and savings accounts, money market funds and some overnight bank borrowings was failing short of the Fed's target of annual expansion of

between 3 and 7 per cent. Then came the week ended July 10, reported last Thurs-day. M2 leapt hy a record \$17.5hn, some four times more than forecast. It grew mon that week than in the previou six montha, bumping up it expansion so far this year to a annual rate of 3.1 per cent from 2.5 per cent a week earlier. Bond markets reacted badly

with prices losing most of th gains they had managed eau lier in the day on the strengt of Mr Greenspan's testimony

sees M2's big jump as an aberration. Lots of factors were involved including some suspect sea-

sonal adjustment to the data. Analysts say the public has clearly made a big switch to savings accounts from market instruments, in part to rebuild their reserves after making bigger than expected tax pay-ments in the spring. Also contributing to the

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jump is the easing of a number of technical factors such as high interest rates which had been inhibiting money growth. A faster expansion of money supply is now likely hut not to the rate of the factors a similar the point of indicating a significant pick up in economic activity.

"Despite last week's jump, current money growth is mod-est compared with that of past episodes of interest rate declines," said Salomon Brothers in its weekend commentary.

Another supply question fac-ing the markets concerns new government issnes on two fronts – the bail out of the savings and loan industry and the Treasury's August refund-ing auctions. Congress is at work on both this week.

US MONEY MARKET RATES (%) 12-month 12-month High Low 1 week 4 wits ago Last 9.12 8.37 8.21 8.60 8.62 8.62 9.19 8.08 8.01 8.70 8.80 8.50 10.00 9.59 9.59 10.15 9.70 10.05 6.273 6.96 7.42 6.55 6.65 9198839930999999 Fed Funds (weekly are US BOND PRICES AND YIELDS (%) Change on wk 4 est. ago 撬 l esti apo Yield Seven-year Treasury 20-year Treasury 30-year Treasury 7.96 8.20 8.15 7.91 8.17 8.09 8.37 8.30 8.30 1 Money supply: In the week ended July 3 M1 rose 1.3bn to \$778.7bn NRI TOKYO BOND INDEX

	PERFORMANCE INDEX								
Gecenber 1985 — 100	13/7/89	Anerage steld (%)	Last	12 m/s ago	26 mis 390				
Owrall	148.89	5.18	148.67	148.09	148.46				
Gournment Bands Monicipal Boats Sout-suscent Bonds Bank Dubentares Conformate Boats Conformate Boats Yeo-demont, Foreign Bands	148.94 150.78 151.69 142.94 151.20 155.79	5.02 5.37 5.38 5.18 5.39 6.13	148.79 150.56 151.50 142.58 150.97 155.63	148.36 150.01 151.03 141.80 149.94 153.61	149.31 150.74 151.78 141.34 148.40 151.93				
Government 10-year?	5.07	n/a	5.06	5.00	4,89				
t Estimated par yield	_	Source: Nomura Research Inst							

It is deep in deliberations to finalise the thrift refinancing programme. Tha key question is whether it will be funded off the Federal hndget as the Administration wants or on budget as the House of Repre-

sentatives wapts." Before it goes on holiday, it is likely to increase the Government's borrowing celling to allow a full refunding in August.

If investors are looking forward to higher yields as the market tries to digest the bulge in issues, they could throw quality to the winds and go for the really rich yields. Junk bonds are yielding almost 5% percentage points over Trea-suries, the largest premium in

seven years. One factor is the fear that the slowing economy will dam-age issuer's ability to service their debt. The trend looks bad. The Bond Investors Associa-tion reported last week that 23 corporate issuers defaulted on \$3.86bn of bonds (rated and junk) in the first half up from 17 with \$2.55bn a year earlier. The third quarter is shaping up to be worse.

Roderick Oram

Treasury's slowdown line accepted CONFLICTING signals on the UK economy failed to derail **UK gilts yields** the gilt-edged securities mar-Restated at par (%) ket last week. Dealers appeared convinced by the 120 Treasury lina that the eco-

nomic slowdown is running according to plan. Good news came in the form of a sharp drop in retail sales and higher than expected Goverament borrowing in June and slow growth in total consumer spending in the second

quarter. The bad news included disappointing broad money supply figures. For what was supposed to be a decelerating economy, there was a lot of

extra money swimming about. By Friday most prices had edged higher, huoyed by steady gains for sterling. This helped to offset pessimism, at least among domestic investors, cre-ated by hints from both the Bank of England and, more explicitly, the Treasury that interest rates will stay high for some time to come, even if growth slows dramatically.

The main obstacle this week is likely to be Wednesday's trade figures for June, expected by most analysts to show a current account deficit of about £1.5bn. Anything better than that would further bolster tentative hopes for a cnt in base rates soon. The difficulty will be in dis-tinguishing a freak result from a long-run trend. Some analysts see the current account deficit as having reached a

× 19 / 1 Jui 14,1989 10.00 10.0 1100 Jul 21,1989 9.0%

turning point hut there remains a lot of nervousness. There are good reasons to be cautious. The current account is probably the last indicator to be affected hy interest rates rises and is highly volatile

10 years 20

Source: Warburg Se

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from month to month. Further consideration of last month's money figures could also reinforce fears that any real improvement in the trade

deficit is some time off. The £7bn increase in bank and building society lending was more than expected and within £100m of the average for the previous six months hardly evidence of a slowdown. At the same time growth in seasonally adjusted M4, tha-broad money supply measure, increased by a record 19.2 per cent in the 12 months to June. Almost certainly such figures are not a one-off. Other

tion of mortgage lending, there has been no let-up in borrow-

abont for not paying much to be cut soon. In the short attention to these trends. term, it does not matter what The increase was unlikely

focuses instead on growth in M0, the narrow measure of the money supply. This returned to a downward path in June, heading towards the top end of that there may be a turning

to maintain spending as mort-gage rates rise. • M4 was boosted by the Trea-

ment in June by huying more gilts than it needed.

• Strong growth in M4 lend-ing was connected with the hnoyancy of the equity market. Management boy onts and takeovers have been encouraged, fuelling more borrowing. • The figures have been distorted by problems in adjusting They might fail to take full three for normal seasonal variations. ues to buy back gilts will con-tinue to discourage disposals, account of quarterly charging providing support for prices. of interest which boosts endquarter figures.

figures for bank lending and . Broad money is a lagging consumer credit agreements indicator and will begin to suggest that, with the excep- slow later this year. These explanations miss the point; borrowing continues

unabated. There is no sign of ing by the personal sector. Last week there were plenty of soothing reasons being put be needed if interest rates are

the borrowing is used for. Even to worry the Treasury, which if it is all due to "end of cycle" ply. The only consolation is point on the horizon.

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heading towards the top end of the Treasury's target range. • A chunk of lending may be "distress borrowing." Compa-nies faced with slow sales growth are having to finance involuntary stock-building - a classic indicator of the start of a cyclical downturn. Similarly, consumers may be borrowing the the total the burgon. Adding to worries, the expansion comes at a time when wage settlements -increasingly the bug-bear of the gilt market - show signs of accelerating. The 9.6 per a cyclical downturn. Similarly, consumers may be borrowing the market - show signs the gilt market - show signs of accelerating. The 9.6 per a workers will only manual workers will only

intensify upward pressure. The danger is that the giltsury "underfunding" the pub-lic sector borrowing require-ment in June by huying more down. That leaves it prone to profit-taking by foreign investors, particularly if economic news in the next few weeks is less than encouraging.

Sentiment among domestic investors will require a big shock to prompt large-scale selling. The fear of losing stock as the Bank of England continnes to buy back gilts will con-

Ralph Atkins

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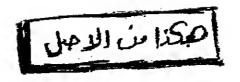
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SEOUL TRUST International Depositary Receipts evidencing Beneficial

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 Notice is hereby given to the Unitholders that OAEHAN INVESTMENT TRUST declared a distribution of Won 639 000 per IDR of 1.000 Units (Won 63.900 per IDR of 100 Units) payable on or after July 20, 1989 in the Republic of Korea as well as the possibility, until September 8, 1989, of relaveding in new IDRs of 100 Units all or part of the distribution 20 which Holders are entitled. <u>OIVIDEND PAYMENT</u> Payments of coupou No 4 of the International Depositary Receipts will be made on/or after July 27, 1989 in US Dollars at one of the following offices of Morgan Caucanty Trust Company of New York 2 Brussels, 35, avenue des Arta New York 20, West Broadway New York 20, West Broadway 	Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"). It does not constitute an invitation to any person to subscribe for or purchase Stock. ENGLISH & SCOTTISH INVESTORS p.l.c. (An investment company within the meaning of Part VIII of the Companies Act 1985 incorporated and registered in England under the Companies Acts No 237017). Issue by way of placing of £20,000,000 11 per cent.	DEFINARCO 250 40-5 410 BIT 25-10 250 <t< th=""></t<>
 London. J. Angel Court Frankfurt, 44-46, Mainner Landbursse Zurich, 38, Stockerstrasse The amount of dollars shall be the set proceeds of the sale of the Won amount to the Korcan exchange bank in the Republic of Korca at the current selling rate on the day of remittance by the manager, and will be distributed to the Unitholden is proportion to their respective exhibites and affer doluction of all lares and charges of the Depositary. Holders residing in a country having a double taxation treaty with the Republic of Korca may obtain payment of their compose at a lower rate of the Korcan mon-resident withholding tax, on condition they furnish to either the Depositary or through one of the designated sub-paying agents a critificate slowing their residence together with a copy of the certificates of incorporation or 4 copy of the passport for individues. Those documents are requested by the Korcan National Tux Administration Office as evidence of relidence and without them the full rate of 26,575 per Korean non-resident withholding tax will be reamed. For resident of the United Kingdom, the trust intends to apply for distributing status for each financial year. U.K. beneficiaries will in meas circumstances be fields to tax on the distribution whether relavested or on. If any holder shall fail to request the distribution by the, end of October 1989, the measured and or years that distribution will be wat to the Deposition for delayed distribution whether relavested or one. <i>PROCEDURE FOR REINVESTMENT EF THE DISTRIBUTION</i> All reinvestment and as whole multiple of 100 Units are to be set prior to September 8, 1023. <i>PROCEDURE FOR REINVESTMENT EF THE DISTRIBUTION</i> All reinvestment with the above mentioned required documents, to one of the following addresses : if the DBu are held in Euroclear : to Euroclear Operations Center, Equiti	Debenture Stock 2014 (the "Stock") at £98.648 per cent per £100 nominal. Application has been made to the Council of The Stock Exchange for the whole of the above Stock to be admitted to the Official List. In accordance with the requirements of The Stock Exchange at least two market makers have been offered a participation in the marketing of the Stock. Listing particulars for the Stock are available in the Extel Statistical Service and copies may be obtained during usual business hours (Saturday excepted) up to and including 7th August 1989 from: English & Scottish Investors p.Lc. Gartmore House 16-18 Monument Street London EC3R 8AJ Kleinwort Benson Securities Limited 20 Fenchurch Street London EC3P 3DB Kleinwort Benson Securities Limited 20 Fenchurch Street London EC3P 3DB	FERRIN OLD, STAT 85, 93
Morgan Guaranty Trust Company of New York Brussels Office, an Depositary	24th July 1989	LTCB FIR 11 \$2
GLOBAL GOVERNMENT PLUS FUND LIMITED International Depositary Receipts representing 100 Common Stares Notice is hereby given to the shareholders that the Board of Directors of GLOBAL GOVERNMENT PLUS FUND LIMITED has declared a quarterly dividend of USD 0,105 per common share payable over the next quarter on a monthly basis in July, August and September. Monthly dividends of USD 0,035 per common share will be payable on 31st July 1966, 31st August 1989 and 30th September 1989 to shareholdors on the register	CORPORATE ENTERTAINMENT The Financial Times proposes to publish this survey on: 12th Sectomber 1099	MOTOROLA 1294
on 14th July 1989, 15th Augusi 1989 and 15th September 1989 respectively. Coupon numbers 12 to 14 of the International Depositary Receipts will therefore be payable in USD on the following dates and at the rates indicated below, net of the depositary's fee, at the following offices of MORGAN GUARANTY TRUST COMPANY OF NEW YORK: SRUSSELS - 35 Avenue des Arts LONDON - 1 Angel Court FRANKFURT - 44-46 Mainzer Landstrasse ZURICH - 38 Stockerstrasse	12th September 1989 For a full editorial synopsis and advertisement details, please contact: Wendy Alexander on 01-873 3524/4893	Napped CRE 08 49, 43. 150 181 0 2.47 Convertinger Napped CRE 08 49, 43. 150 160 170 171 -12 -2.7 120 127 14 0.52 0.57 160 90 160 160 271 10.05 160 90 240 90 8.61 121200 150 150 150 150 150 150 150 150 150
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INTERNATIONAL COMPANIES AND FINANCE

Bid for Steinberg likely to succeed S&P starts

By Robert Gibbens in Montreal

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MR MICHEL Gaucher, the Quebec entrepreneur, and the Quebec Caisse de Depot, which manages Quebec's public pen-sion plan, look set to succeed with their C\$1.32bn (US\$1.11bn) bid for Steinberg, the Canadian retail and numerity energy.

bid for Steinberg, the Canadian retail and property group. Mr Gaucher, through Socanav, his publicly quoted holding company, has taken up an option to buy the 52 per cent voting interest in Stein-berg held by the three surviv-ing daughters of the late Mr Sam Steinberg, architect of the

agree plan By Roderick Oram

interest

company's rapid post-war worth an estimated C\$850m. expansion. Under the option, the Gencher deal is worth C\$75 a

including shopping centres in eastern Canada and the US, and supermarket properties. This will leave Mr Gancher with Steinberg's wholesale and retail food distribution assets, a 20-unit department store share for the family voting shares and CSSI for the non-voting shares. This offer has successfully beaten off a rival bid from Oxdon Investments of chain and 50 per cent of a

Mr Gaucher will probably-sell the Ontario supermarkets, the department store chain and sugar refinery, but keep a US regional food distribution sub-sidiary. Steinberg employs Toronto and must now be extended to minority share-holders in Steinberg. Nearly all Steinberg's prop-erty assets, held in subsidiary Ivanhoe, will be bought by the Caises de Danot They are Caisse de Depot. They are

18,000 full-time and part-time workers in Quebec. The offer from the Gaucher

consortium compares with a bid of C\$75 for the voting shares and C\$50 for the non-voting shares put up by Oxdon. Quebec premier Mr Robert

Bourassa intervened in the bid-ding to back Mr Gencher and the Caisse de Depot. With an election due this autumn, there were local fears for a gradual shut-down of Steinberg's gro-cery chain should the Oxdon bid succeed.

Insurers 'try to bypass rules' **Eastern** Air creditors

By Louise Kehoe in San Francisco

By Louise Kence in San Fran INSURANCE companies are attempting to circumvent Cal-ifornia's Proposition 103 regu-lations which would force them to cnt substantially pre-miums on motor and property insurance policies by filing "bogus claims," the State Attorney General has charged. "It has been eight months since the voters adopted Propo-sition 103 and two months since the voters adopted Propo-sition 103 and two months since we successfully defended the constitutional right of the ballot measure in the Calif-ornia Supreme Court," Attor-ney General Mr John Van de Kamp said. ALL BUT TWO of Eastern Air Lines' creditors have agreed to its plans, filed in bankruptcy court on Friday, to repay its \$3.5bn of debts in full with interest

Kamp said. "Now the insurance compa-

Simon, Eastern's general coun-sel, said. The bankruptcy court judge could approve the plan without their support, he added. nies are trying to bury the ini-tiative under literally tons of In May the State Supreme

Eastern's reorganisation plan did not yet include a statement showing its source of funds for the repayment. It has asked the New York court for an extension until Sentember 15 to 50a its

The two holding out are Gen-eral Electric Credit and owners of a small issue of European debt but their concerns are

highly technical and should be swiftly resolved, Mr Barry

September 15 to file it. Since it was brought to a vir-tual standstill by a machinists strike and pilots' walkout in

March, Eastern has been sell-ing assets to raise money and to shrink itself by about onethird to a more practical size. Disposals have included its shuttle service and 11 Airbus A-300 aircraft to Continental

Airlines, its sister carrier, bringing in \$291m. Its efforts to rebuild its flight schedule have been hampered by a lack of pilots, both newly hired and returning strikers.

by a lack of pilots, both newly hired and returning strikers. The company was forced to cut the number of flights per day of 390. Despite talks between the unions and the company, no end to the strike is in sight. Noranda has around 10 per to fault has around 10 per sloh plans. Becanse of im Kacorts, which will be voted with Mr Gill and fur management for a mini-the group will control 39 per cent, and Mr Gill said this would fend of hostile bidders.

Court upheld the constitu-tional right of the ballot mea-sure, which had been chal-lenged by insurance companies, but said the companies were entitled to a fair return. Since then some 6,000 appli-cations for exemption from the

reductions in premiums, which can top 20 per cent, mandated by Proposition 103 have been filed by insurers with the State Insurance Commissioner. "There was apparently a spirited competition smong the companies to see who could

dump the most paper on the Department of Insurance, with the winner tipping the scales at more than 1,000 pounds," Mr Van de Kamp reported.

He said he had formed a

Plan to buy stake in Aur By Robert Glbbens

and the company for the second s

TECK CORP and Cominco, its

associate, are to pay C\$35.5m (U\$\$90m) for 19 per cent of Aur Resources, a small gold mining ESCORTS, the Delhi-based heavy engineering company, has set up a joint venture with Herionwerke of West Germany company. Aur, headed by Mr James Gill, the Montreal geologist, to manufacture pneumatic equipment

Gill, the Montreal genogss, owns gold properties in the Cadillac Fault mining area of north-western Quebec and con-trols a new gold base metals discovery in the same area, Noranda has around 10 per About half of the venture's production will be exported. According to Mr H. . Nanda, chairman of Escorts, the link is part of the company's expansion plans,

DITIOVEL

By K.K. Sharma in New Dethi

Because of improved returns, Recents: of high vest retaring, Kacorts, which made a pro-tax profit of Re214m (\$13.1m) for the 15 months to end-March 1989, has decided to pay a final dividend of 16 per cent. This makes a total of 26 per cent for

added and the set of the set of

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team of legal and actuarial experts to examine the insur-suce industry filings. "We found the insurance companies' filings packed with bogus claims, mountains of paper built on foundations of manipulated numbers: compa-nies claiming a constitutional right to profit margins as high as 35 per cent; companies claiming a constitutional right to spend as much as 45 per cent of every premium dollar on overhead."

on overhead." Filing formal objections to all 6,000 of the exemption appli-cations this week. Mr Van de Kamp also proposed tough reg-ulations that he promised would "deliver hundreds of dollars in rebates to every insur-ance consumer in California."

Delhi group sets up joint venture with Herionwerke Campeau to sell

45 properties By David Owen in Toronto

Records has decided to invest Resource in 1989-90 in capital equipment for modernising and expanding its existing CAMPEAU Corporation, the manufacturing facilities for tractors and motorcycles, which account for as much as Toronto-based marchandising and property group, is to sell 45 North American properties in the coming year to try to 75 per cent of the company's

reduce its onerous debt load. The disposal is expected to reduce debt by US\$250mturnover. In addition, it plans to mana-facture mopeds for a growing market in India with the help of foreign technology and tool-ing by the end of 1990. Other plans include entry into tele-communications with the help of German technology. reduce debt by US\$250m-US\$300m. The company is car-rying long-term and short-term debt of around US\$9.5bn. Six months ago borrowings stood closer to US\$11bn. Mr Robert Campeau, chair-man, promised to bring the processed Blocking debt of German technology. A scheme for production of pho-tovoltic cells is being considrenowned Bloomingdale's chain to Canada.

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July 1989

In New York STANDARD & Poor's, the US ratings agency, has started to rate the protection against takeover-related risks some bond issuers have begun to offer investors in the wake of the RJR Nabisco buy-out. Prices of the food and tohacco group's investment grade bonds plunged last autumn when investors learnt that its balance sheet would become badly strained by debt incurred to buy-out sharehold-ers. Metropolitan Life, one of the largest institutional inves-tor, sued unsuccessfully to recover its capital losses. The incident, which brought to a head growing bond inves-tor unhappiness about buy-outs, also damaged the credit worthiness and drove down

worthiness and drove down prices on bonds of other leading corporstions considered takeover candidates. A number of issuers responded by providing cove-nants to protect investors against such takeover-related

risks. The most common is a "poison put" under which the issuer will redeem the securi-ties at par if, for example, cor-porate control changes. Standard & Poor's Event Risk Covenant Rating, which supplements the firm's credit

ratings, grades the protection from El down to E5 which equates with "insignificant or no protection."

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to rate bond issuers on event risk By Roderick Oram in New York

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U.S. \$ 200,000,000

Euro Commercial Paper Programme

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Dealers

Merrill Lynch International Limited Shearson Lehman Hutton International, Inc. U.B.S. Phillips & Drew Securities Ltd.

> Issue and Paying Agent Manufacturers Hanover Trust Company

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NOTICE TO HOLDERS OF WARRANTS issued by

TOKYU DEPARTMENT STORE CO., LTD. in connection with its

U.S. \$50,000,000 7% per cent. Guaranteed Bonds due 1990 with Warrants

U.S. \$80,000,000 3 per cent. Guaranteed Bonds due 1992 with Warrants

U.S. \$200,000,000 4 per cent. Guaranteed Bonds due 1993 with Warrants

You are hereby notified, pursuant to Clause 4(A) of the relative Instruments, that at a meeting of the shareholders of Tokyu Department Store Co., Ltd. (the "Company") held on 27th April, 1989, it was resolved that Machids Tokyu Department Store Co., Ltd., a subsidiary of the Company, be merged into the Company effective as of 2nd October, 1989.

Tokyu Department Store Co., Ltd.

Dated: 24th July, 1989

6PA

GPA Group Limited

U.S. \$150,000,000 Medium Term Loan

Lead Managers

The Mitsubishi Trust and Banking Corporation

The Hachijuni Bank, Ltd.

The Hiroshima Bank, Ltd.

July, 1989

The Hokkaido Bank, Ltd.

Managers

The Fukutoku Bank, Ltd.

The Hyakujushi Bank, Ltd.

The Hokuriku Bank, Ltd.

The Joyo Bank, Ltd.

Co-Managers

The Aichi Bank, Ltd.

The Bank of Kyoto, Ltd.

The Ashikaga Bank, Ltd. The Chugoku Bank, Ltd.

The Fukuoka City Bank, Ltd.

The 77 Bank, Ltd.

The Shiga Bank, Ltd.

Arranger and Agent

The Mitsubishi Trust and Banking Corporation

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period 1980.	or write to him at:
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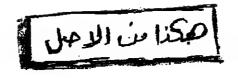
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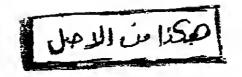
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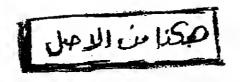
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CURRENCIES, MONEY AND CAPITAL MARKETS

CURRENCIES AND MONEY REVIEW

ollar looks set for continued fall trial producers retain a rela-

the same period last year.

THE DOLLAR'S rise of over 8 per cent as measured by its Bank of England exchange rate index since the beginning of the year is now at an end, that is if the present mood of institutional investors is accepted. What has caused this change of view, or could it be - as on previous occasions - merely 9 period of consolidation rather than the start of a sustained downwards trend ?

The US has, of course, lived for long with a budget and trade deficit, and these have been used to explain eway the occasional decline of the US currency. More recently, the concept adopted by the Reagan administration of reducing the trade deficit through a higher level of exports has become flawed. Although dangerous to take in isolation, May's trade deficit of \$10.24bn showed the appetits for imported goods remains undimini

On the brighter side, there is evidence that the increase in

2 IN NEW YORK

Presia Class Joly.21 Later 6210-1.6220 0.66-0.65pm 1.95-1.92pm 7.40-7_30pm

July 2)

830 9.00 100

1.6225-1.6235 0.68-0.67pm 1.96-1.95pm 6.95-b 65pm Storling #..... Canadian 5..... Canadian 5..... Austrian Sch... Belghan Franc Danish Krone... Denische Mark Meth Cuilder STERLING INDEX Meth, Guilder ... French Franc ... Italian Lira ... Japanese Yen ... Norway Krone . Spanish Pesera Swedish Krona ... Greek Drach ... Lrish Punt Previou 923 924 924 925 925 924 925 924 925 924 925 925 925

Sterling quoted in terms

Orawlog Rights Cerrent July_21 1.27470 1.26451 1.50161 17.0115 50.6689 9.40100 2.41388 8.20793 1749.61 180.193 8.85536 152.026 8.24550 2.09454 2.09153 2.091443 1.49049 1.29648 14.5849 45 4293 8 05916 2.33916 7.03488 1500.05 154.880 7.59974 130 209 7.59974 130 209 7.59974 137 525 0.775256 Golider French Franc Ura Morgas Guaranty 1982 - 100, Bank of 1985 - Votesti 91, 5,5 201,

of SDR and

ECU.per £.

CURRENCY RATES

cent respectively to 1% and 3% per cent. Moreover, US rates are now regarded as being at imports is not consumer-led, yet the bald figures and the knee-jerk reaction in currency markets can paint a different their peak. picture for the dollar. The The shift in emphasis has cumulative deficit for the first been highlighted by recent five months of this year at

comments from US officials. Recession, it appears, is no lon-\$45.3bn is only \$3bn down from ger 9 dirty word. Mr Alan Greenspan, chairman of the Federal Reserve, made the best of a delicate task when Where the dollar is in real danger of losing out to other currencies as the best attrac-tion for institutional deposits addressing Congress last week; is the decline in interest rates. while committed to reducing Day-to-day fluctuations, techniinflation, the Fed seems to be edopting a gradualist approach, whereby interest rates do not have to be cut cal aspects apart, are driven by the gut reaction of forex trad-ers taking a short term view; the longer-term investor is more interested in the potensharply to avoid recession and then increased just as quickly tial return without too much to stop the economy overheatregard to the short-term dips and rallies.

ing. The signs of a slowdown in In fact, the shift in interest growth and inflation in the US rate differentials in recent months contains little cheer are encouraging, but the underlying trend may be a different picture. While personal consumption is slowing, non-residential investment remains for the dollar. Its advantage over D-Mark and yen deposits in the three-month period has narrowed from 3% and 5% per strong, suggesting that indus-

UK/ ... Ireland Canad Nether Belgin Denna W, Ge Porta

7.404 1.9100 159.45 119.60 13785 6.98 6.464

(11.00 a.m. July.21) 3 months US dollars

bid 811

159.35 119.35 13764

141.85 13.384 1.6450 1.0875

offer 812

L8895 158.90 1367 6.934 6.414

CURRENCY	HOVE	MENTS	OTHE	OTHER CURRENCIES				
July.21	Bask of England	Morgan Guaranty	July.21	£	5			
Stering Us Dollar Casadian Dollar Aostraa Schilling Behjan Franc Danish Kronc Danish Kronc Danish Kronc Danish Kronc Danish Kronc Casadian Seris Franc Franck Franc Vea Ura Mbrogan Gioarasty 1982 – 100, Bank of 1985 – 1000 ^{org} Rates are	England Index	Changes % -18.6 -7.7 +0.4 +0.4 +0.4 +0.4 +0.4 -1.3 -1.3 -1.5 +20.7 -16.4 +13.3 -15.4 -15.4 +69.3 attrape 1980- c (Base Average		64 60-64,70 4,3480-4,3600 4093,75-4176,25 2,8225-2,8285 b,0815-6,0860 3,1775-3,1840 4,3925-4,4050 6,7435-6,8720 41,90-42,00 5,9550-5,95%	13555 - 13565 19900 - 19900 42580 - 42400 16270 - 1465 30 7,2055 - 7,2075 72,175 664,80 - 670,20 0,29(63 - 0,27750 0,29(63 - 0,27750 39,35 - 33,55 2,1780 - 2,4405 220,00 - 2570,00 1,7345 - 1,7395 3,7500 - 3,7510 1,9555 - 1,9575 2,702,5 - 2,7105 4,1495 - 4,2285 5,6720 - 3,1730			
				"Selling rate				

	trial producers recall a rela-				-					DAY JULY 2	1985	DO	LLAR INDE	EX .
	tively rosy outlook. And for	NATIONAL AND REGIONAL MARKETS		FR	EDAY JUL	Y 21 1989			THURS	DAT SOLT				
,	this reason alone, the Fed is						% change		US	Pound	Local		•	Year
	likely to remain cautious about	Figures in parentheses	US	% change	Pound	Local	local cur-	Gross	Dollar	Sterling	Gurrency	1989	1989	ego (
	the pace at which it reduces	show number of stocks	Dollar	since	Sterling	Currency	rency since	Olv. Yjeld	index	Index	Index	High	Low	(approx)
	interest rates. The authorities	per grouping	Index	Dec.30 '88	Index	Index	Dec.30 '88		137.20	125.03	122.06	157.12	128.28	150.71
	will also want to see further	Australia (86)	138.02	-4.5	126.23	122.64	+ 9.9	4.87	123.38	112.43	122,13	127.70	92.84	87.05
	signs of a slowdown in eco-	Austria (19)	124.17	+29.4	113.56	122.77	+38.5	1.98 4.23	131.16	119.52	129,38	137.10	125.58	115.99
	nomic activity in order to ease	Beigium (63)	131.33	-2.8	120.11	129.38	+4.0	3,19	146.20	133.23	125.72	146.60	124.67	125.91
	industrial capacity restraints	Caneda (124)	146.60	+ 16.8	134.09 193.45	126.12 212.38	+ 16.2 + 33.6	1.48	210.41	191.73	212.05	219.89	165.35	129.21
	and a tightness in the labour	Denmark (36) Finland (28)	211.52 141.52	+24.1 +8.1	129.44	128.50	+10.6	2.15	139.75	127.35	125.66	169.18	125.81	132.84 93.35
	market. Both would increase	France (127)	125.77	+9.3	115.03	127.49	+ 18.6	2.97	125.65	114.49	127.07	125.95 95.32	112.57 79.56	93.35 75.59
	cost pressures and aggravate	West Germany (100)	95.08	+ 8.1	88.96	94.24	+ 16.2	2.19	94.80	86.39	93.87 105.96	140.33	86.41	108.20
	the rate of inflation.	Hong Kong (49)	103.53	-7.4	94,69	103.77	-7.4	5.16	105.72	96.34	148.15	151.36	125.00	144.18
	Most analysts are now	ireland (17)	148.05	+12.3	135.41	148.69	+20.5	2.82	147.88 91.64	134.76 83.51	94,10	92.06	74.97	72.58
	expecting the dollar to trade in	italy (97)	90.69	+6.5	82.95	93.26	+ 12.3	2.40	178.87	163.00	159.88	200.11	164.22	163.74
		Japan (455)	180.20	-5.9	164.82	161.64	+6.8	0.49	189.97	173.11	196,18	190.26	143.35	152.78
	a relatively narrow range,	Malaysia (36)	187.97	+31.0	171.92	193.98	+29.6 +79.8	2.47 0.69	263.38	240.01	724,67	277.40	153.32	163.10
	reflecting the Fed's balancing	Mexico (13)	261.22 125.60	+91.4 +11.7	238.91 114.87	726.85 123.25	+20.0	4,20	125.86	114.69	123.16	125.86	110.63	106.07
	act between svoiding an	New Zealand (21)	86.54	-1.8	60.86	51.41	+7.8	8.06	66.04	60.17	61.28	76.02	62.64	79,90 124,39
	upsurge in inflation and a	Norway (25)	189.73	+36.6	173.53	179.04	+ 44.6	1.44	189.88	172.85	178.77	198.39 169.33	139.92 124.57	131.79
	recession. But 9 downward cor-	Singapore (26)	166.51	+ 33.1	152.30	150.13	+ 34.0	1,89	168.03	153.11	151,77 133,25	153.27	115.35	124.64
	rection could be on the cards,	South Africa (60)	145.71	+24.7	133.26	133.41	+35.8	4.04	146.61	133.60 138.12	136.99	156.17	143.14	148.89
	and not only because US rates	Spein (43)	151.18	+ 1.9	138.28	136.76	+7.4	3.78 2.01	151.57 178.19	162.38	171.20	176.32	138.45	119.24
	may have peaked; the recent	Sweden (35)	178.32 85.60	+23.3 +9.9	168.09 79.29	171.06 87.33	+30.5 +20.1	2.20	85.57	77.97	87.05	68.06	67.81	80.04
	move away from the Japanese	Switzerland (63) United Kingdom (311)	153.02	+ 13.1	139.95	139.95	+26.2	4.18	154.10	140.43	140.43	154.10	133.28	134.17
	yen may well be reversed after	USA (555)	136.89	+20.9	125.02	138.69	+ 20.9	3.29	135.88	123.82	135.88	138.69	112.13	107.54
	the dust settles on yesterday's	Europe (1005)	126.75	+ 10.5	115.93	121.19	+20.5	3.40	127.17	115.89	121.24	127.17	112.63	106.68
	elections in Japan.	Nordic (122)	171.82	+23.0	157.15	160.81	+ 30.5	1.78	171.28	156.08	160.78	174.42	137.95	115.17
	Inner Coules 1	Pacific Basin (673)	175.71	-5.7	180.70	157.95	+6.7	0.72	174.51	159.02	156.37 142.24	194.72 164.22	160.44 141.56	181.02 139.30
	Jonas Crosland	Euro - Pacific (1678)	156.24	-0.9	142.90	143.17	+ 10.9	1.61	155.71 136.40	141.89 124.29	135.26	137.19	112.79	106.52
		North America (679)	137.19	+20.5	125.47	136.04	+20.5	3.29	110.28	100.49	109.41	110.42	96.30	89.63
	OTHER CURRENCIES	Europe Ex. UK (694) Pacific Ex. Japan (218)	110.23 121.91	+8.5	100.82	109.57 111.91	+ 16.1 + 4.8	2.78	122.23	111.38	1 12.43	137.85	111.93	128.25
	ht 21 1 2 1 2	World Ex. US (1875)	155.87	-02	142.56	142.73	+ 11.2	1.68	155.35	141.56	141.62	162.77	141.49	138.72
	July.21 £ \$	World Ex. UK (2119)	147.50	+5.3	134.91	140.72	+ 13.0	2.01	146.71	133.69	139.71	147.50 148.00	136.98 136.87	125.93 126.66
	Argentina	World Ex. So, Al. (2370)_	148.00	+ 5.9	135.36	140.68	+ 14.0	2.20	147.37	134.29 120.82	139.80 129.80	132.85	114.51	108.87
	Brazii	World Ex. Japan (1975)	132.85	+ 15.8	121.51	129.99	+ 19.9	3.39	132.59					
	Fisland	The World Index (2430)	147.98	+6.0	135.34	140.63	+ 14.1	2.21	147.36	134.28	139.75	147.98	136.68	126.65

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

he World Index (2430). 147.98 Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988

139.65 (US \$ Index), 114.45 (Pound Sterling) and 123.22 (Local). Copyright, The Financial Times Limited, Goldman, Sachs & Co., and Cour Belgian market closed July 21. nty NatWest Securities Limited. 1987

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July 21	Short	7 Days actice	One Manth	Three Months	Six Months	One Year
Sterlag US Dollar Can Dollar San Broke Ser Fronc Dentschmark Fr. Fraix B. Fr. (Fin) B. Fr. (Can) S. Fr. (Can) S. Kone Sklan SSing	7-64 74-74 6(1-65) 84-84 11-9	14-137 94-9 123-124 77-74 88-84 126-114 82-84 126-114 85-84 53-54 54-54 94-94	1.07.17.07.07.07.07.07.07.07.07.07.07.07.07.07	138-137 884-111 124-1111 777-7- 974-1-125 974-1-125 9912-5-1- 9912-5-5-1- 955-5-5-1- 955-5-5-1- 955-5-5-1- 955-5-5-1- 955-5-5-1- 955-5-5-1- 955-5-5-1- 955-5	13454 13454 1145454 114545454 1145454545	13.41.44.112.44.112.44.44.112.44.44.112.44.44.112.44.44.112.44.44.112.44.44.112.44.44.112.44.44.44.44.44.44.44.44.44.44.44.44.44

EXCHANGE CROSS RATES

July.21	3	\$	DAM	Yes	F Fr.	\$ Ft.	H FL	Line	C S	8 Fr.
ŝ	1 0.617	1 <u>621</u> 1	3.090 1.906	230.0 141.9	10.48 6.465	2.668 1.646	3.485 2.150	2232 1377	1.927	64.61 39.88
DM YEN	0.324 4.348	0.525 7.048	13.43	74.43 1000.	3.392 45.57	0.863 11.60	1.128 15.15	722.3 9704	0.624 8.378	20.92 281
F Fr. S Fr.	0.954 0.375	1.547	2.946 1.158	219.5 86.21	10. 5.928	2.546	3325 1306	21.30 836.6	1.839 0.722	61.6 24.2
뷔 FL Lina	0.287 0.448	0.465 0.725	0.887 1.384	66.00 103.0	3.007 4.695	0.766 1,195	1 1.561	640.5 1000,	0.553 0.863	18.5
CS 8 Fr.	0.519 1.547	0.841 2,507	1.604 4.780	119.4 355.8	5.439 16.21	1.385	1.809 5.391	1158 3452	1 2.961	33.5 100,

July.21	Day's spread	Close	One anoth	PA	Three months	% p.a.
IS amada delglum reland v. Germany ortugal palo forway rende rendes	64.40-64.85 11.954 - 12.0412 1.1505 - 1575 3.08-3.0912 257.78-259.50 192.90-194.65 22244 - 223812 11.2612 - 11.3414 10.444 - 10.55 10.554 - 10.554	1.6205 · 1.6215 1.9260 · 1.9270 3.46 · 3.49 6.4.60 · 6.4.70 11.964 · 11.974 1.1550 · 1.1550 3.063 · 3.093 257.75 · 258.75 193.66 · 193.90 19265 · 11.27 by 2231 · 2.2225 19.42 · 10.48 10.550 · 10.51	0.59-0.550m 0.31-0.21cpm 24-13cpm 24-13cpm 44-45cppm 0.50-0%ppm 14-13cm 31-23cm 31-24cm 33-24cm 24-24cpm 24-24cpm	5128747747645961716888	1.97.1.93an 0.81-0.67an 5.4-53par 90-84an 1.24-1.10an 534-53par 98-1.22dis 44-65dis 10-12dis 814:73par 125-123 par 93-53pan 54-53par	4.81 4.54 4.53 4.58 8.04 3.58 8.04 3.58 4.197 7.157 4.257 4.257
lapari	2294 - 231 22.66 - 22.83 2.654 - 2.674 1.4825 - 1.4905	2295-2305 21.69-21.72 2.664-2.674 1.4995-1.4905	14-15yom 11-8groom 15-15com 0.64-0.61apm	5.25 6.75 5.63	4%-4%pm 32-28pm 5%-5%pm 1.71-1.66pm	826 553 7.87 452

US	1.6170-1.6340	1.6205 - 1.6215	0.69-0.66cpm	5.00	1.97-1.9300	4.81	EDE
Canada	1.9230-1.9360	1.9260 - 1.9270	0.31-0.21cpm	1.62	0.81-0.67cm	1.54	EDE
Netherlands,	3.474 - 3.494	3.48-3.49	24-13cm	6.89	54-51-pm	6.46	EOE
Belgium	64.40-64.85	64.60 - 64.70	34-30cpm	5.94	90-84pm		EOE
Denntark	11.954 - 12.041	11.964 -11.974	41-4% orepoint	4.57	134-125pt	4.35	ĔŎĔ
Instand	11505 - 11575	11540 - 1.1550	0.45-0.40ppm	4.42	1.20-1.10om	3.98	EDE
W. Germany	3.08-3.0912	3.084 - 3.094	14-14 prom	7.04	51-54pm	-1.94	ĒŎĔ
Portugal	257.78-259.50	257.75 - 258.75	11-25005	-0.84	98-152db	-1.94	EOE
Spale	192.90 - 194.65	193.60 - 193.90	3-13cdb	-0.50	44-65db		EDE
Italy	22241 - 223812	2231 2 . 2232 2	2-4ilredis	1.61	10-12dis	-1.97	EOE
Normal		11.265 - 11.275	31-21- oregina	213	818-712 pm	2.77	EOE
France	10.444 - 10.50	10.47 10.48	43-4300	5.16	125-124 pm	4.75	EOE
Sweden	10.50 - 10.554	10.50 - 10.51	24-Zoreph	2.50	53-54 pm	2.05	EOE
Japan	229 - 231	2292 - 2302	14-15ypm	8.00	47-45 pm	826	EOE
Austria	22.66 - 22.83	21.69-21.72	11-89-00# 15-15-00#	5.25	32-280m	553	EOE
Seitzerland .	2654-2674	14995-14905		5.03	1.71-1.66pm	452	EOE
ECU	1.4825 - 1,4905	F-4042 - T-440	0.64-0.61ops	5.05	T./T-Toobin	-12	EDE
64.70-64.80	rates taber towards t Sht-month forward i	lollar 3.75-3.70cpm .	12 months 6.95-6	AScon			EDE S/FI S/FI S/FI
DOLL	AR SPOT-	FORWAR	D AGAI		THE DOL	LAR	
July.21	Day's spread	Close	Gase growth	% 1,4	Three months	% p2	
UK!	1.6170-1.6340	16206-16215	0.69-0.66cpm	5.00	1.97-1.9300	4.81	
trelandt	14035-14125	14025 14035	0.08-0.03cem	0.47	0.30-0.20m	0.71	
Canada	1.1860 1.1885	1.1875 . 1.1885	0.32-0.35ook	-3.39	0.96-1.01ds	3.32	ABN
Matherizank.		21495-21505	0 35.0 330000	1 oi	0 94.0 90em	3.2	ADR

50-60cclis 3.20-3.700 cedis 0.95-1.200 redis 0.07-0.02cpm 1.30-1.45 dis 0.48-0.46 ypm 0.90-0.200 ress

0.48-0.46ypm 0.90-0.20grapm 0.27-0.24cpm 0.02pm-0.08cd

Consupercial rates taken towards the end of London trailing r UK and ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39,90-40.00.

FT LONDON INTERBANK FIXING

The fixing rates are the orithmetic means rounded to the meanest one-sixteenth, of the bid and offered rates for \$10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are Mathemal Westminster Each, Bank of Tokyo, Denische Bank, Banque National de Paris and Morget Guaranty Trust.

6 provides US Dollars

170-1804is 11.00-11.704is 3.40-3.704is 0.05-0.204is 4.35-4.604is 1.25-1.22pm 3.60-2.00pm 0.77-0.73pm 0.10-0.07pm

offer 8,2

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LAR Pl		
481 372 372 372 372 47 4 5 372 4 5 372 4 5 372 4 5 372 4 5 372 4 5 372 5 4 5 372 5 4 5 372 5 4 5 5 372 5 5 4 5 7 5 1 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	ABN C ABN P Acgun C Argun P Anord C Akzo C Akzo C Akzo C Anner C Anner C Bulhramann-T C B UHRAMANN-T C N. V. DSM C R. V. DSM C Elsevier C Elst-Broc. S	

			. 89		89	Sep. 89		
Series lex C		Vof 102	Last	Vol	List	Val	Las	Stock F1. 31h.40
	REPERSON 2000 2000 2000 2000 2000 2000 2000 20	560 3917 172 331 2140 1550 3270 708 424 25 950 1211 116		1		11199120601505510-78	10	FI 3316.40 FI 3316.40
		Jul	. 89	Det.	. 69	Jae	. 90	
	FL 45 FL 45 FL 105 FL 105	7834 115 1298 105	0,10 0,10 a 0,10 0,40	2551 301 327 10 161	1.90 2.20 4.30	72 11	2.70 6.50	FI. 45.20 FI. 45.20 FL 104.90 FL 104.90

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Anthority Bank	14	Donbar Bank PLC	Provincial Bank PLC
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BASE LENDING RATES

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MONEY MARKETS Trade figures this week to test sterling

STERLING FACES a further Desp test of confidence this week with the release on Wednesday with the release on weanesday of June UK trade figures. Last week the pound put up a cred-litable performance, absorbing a higher than expected increase in money supply and bank lending, but gaining solace from a sharp fall in retail cales. retail sales.

The immediate outlook on

UK clearing back base lending rate 14 per ceat from May 24

interest rates remains unchanged, however, Analysts agree that current rates are high enough to contain growth and inflation, a run on sterling apart, and the authorities are likely to remain committed to a high interest rate policy in order to squeeze as much inflation as possible out of the econ-omy ahead of the run up to the next General Election.

Yet there remains a bullish tone in money markets.

in the low COL futu SOI over

For instance, the September contract on three-month depos-its closed on Friday at 86.40, indicating a cash equivalent of

possible peak in the 86.80 region, but the market may find this a bit of struggle to achieve. Moreover, medium-term analysis hints towards a consolidation as low as 86.20, and from now on any further bullish trend is likely to be translated into the December

pice the authorities success
pushing three-month inter-
k money back np to around
14 per cent level, from a
last week of 13% per cent,
responding prices in ths
ures market show what
ne analysts regard as an
r optimistic view.
be instance the Contombor

Frankfin Panis -2prich Amstern Tokyo -Millan Brussel Ophila 13% per cent. The cash rate currently stands at 13^H/₂ per cent - meaning that interest rates are going to fall by % of a point in the next six weeks or the futures price is expensive.

Chart analysis suggests a contract.

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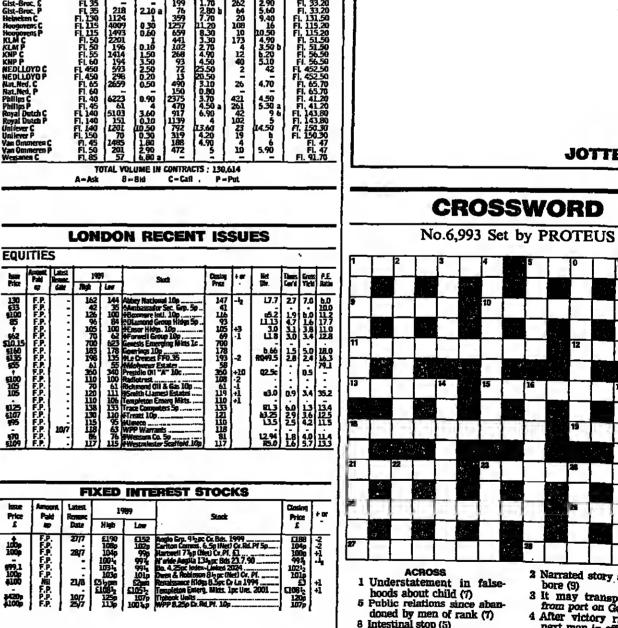
		IONEY	/ RAT	ES			Wessan	en C_
NEW YORK			Treasur	Bills and	Bonds			
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Tokro Mila Brusels	5,.51 12,-12,2 7.60 9.91	5-5-5-8 124-124 8-84 91-91	95-97	53-54 121-13 81-84 94-10	10-104		130 633 6200 85	F.P F.P F.P F.P F.P
						L	\$62 \$10.15 \$160	F.F

bid 82

July.21	Overnight.	7 days notice	One Month	Months	Six Montis	Ote Year
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Fine Trade 8115 (Buy) Dollar CDs SOR Linked Dep Offer _ SDN Linked Dep Bid	:	-	1405	1419	121 131 8.70 8.4	8.42 87
ECU Linked Dep Offer ECU Linked Dep 81d)	Ξ		88	91	95 95	8899
Treasury Bills (set); one-month 134; per cent; three months 13A; per cent; Bank Bills (set) one-month 135; per cent; three months 131; per cent; Treasury Bills; Average tender rate discount 13:2762 p.e. ECBD Fixed Rate Sterling Export Finance. Make up day June.30, 198 Agreed rates for period July 26,1999 to August 25, 1999, Scheme I; 14:90 p.c., Schemes II & 1 15.51 p.e. Reference rate for period June.10, June.30, 1989, Scheme I; 84:90 p.c., Schemes II & 1 Authority, and Finance Houses seven days' fixed. Finance Make June.26 p.e.						
15.51 p.c. Reference rate	for period	to August 2 June 1 to Ji	5,1989,50 IIIN.30,19	neme I: 14.9 19. Scheme i	V&V: 14.17	5 a.c.Local

LONDON MONEY DATES

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2 Narrated story about a tree bore (9)

- 3 It may transport Indians from port on Gauges (5) 4 After victory ring king or next man in office (9)
- 5 Industrial equipment with growth potential? (5) 6 Let worker know one's
- source of intelligence (9) 7 Criterion for 9 clergyman (5) 8 Trains groups of whales per-
- haps (7) 14 Simon Bolivar's plane? (9) 16 It calls for quick delivery of old-fashioned light dress 17 Plant for example having
- row about worker (9) 16 Wolfed grub and jeered (7) 20 Rill features seen in

(7) 28 Change outfit and get set The solution to last Saturday's right (7) prize puzzle will be published DOWN with names of winners on Saturday August 5.

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10 Refuse to measure bird (9) 11 Company meant to fly to the sky? (9) 12 Musical piece from man at party (5) 13 Painter getting permit about animal (5) 15 Gold-minars with heavy

colds (9) 18 Facial adornments of inter-

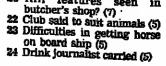
- est to poet (9) 19 Stories of some oriental
- escapades (5) 21 Second to back male right
- 23 Tend horse (abbreviated) (9) 25 Obtained directly from leading operative (5-4)

1 Unusual if cruel match (7)

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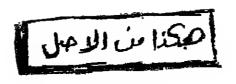
(5)

- 26 Stuff found by head waiter in cash-box (5)
 27 Longings of French fathers





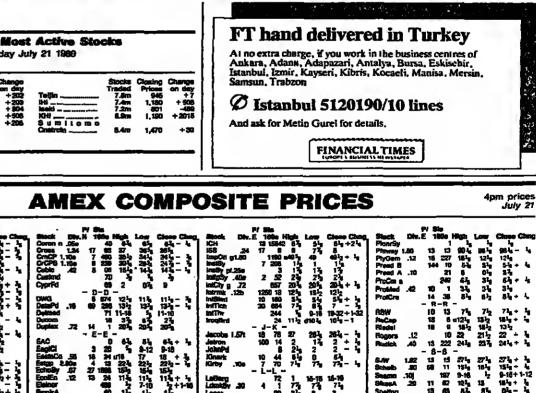
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WORLD STOCK MARKETS

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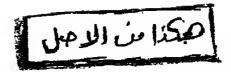
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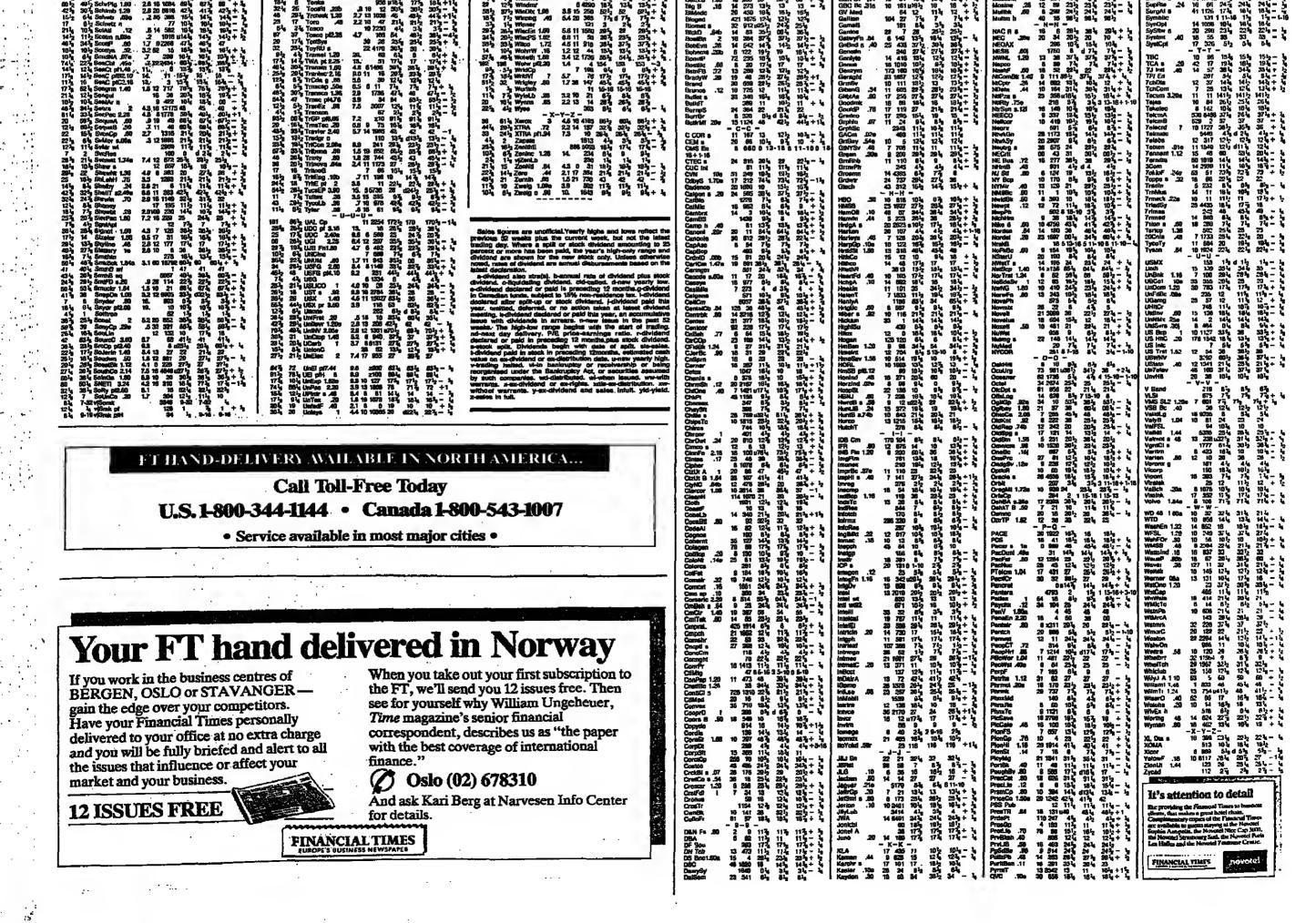
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FINANCIAL TIMES

Monday July 24 1989

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The deadly mirage of convergent technology

H he paet decede has sprung many surprises on American Telephone and Telegraph's shareholders. But even they must be rabbing their eyes at the compeny's recent decision to become the second largest shareholder in a sprawling Europeen husiness empire which spans anto-motive parts, nublishing, fash-lon and financial services.

The deal results from the exchange of AT&T's 22 per cent stake in Olivetti, the Italcent stake in Olivert, the indi-ian computer maker, for 18 per cent of CIR, the industrial holding company controlled hy Mr Carlo de Benedetti, Oli-vetti's largest shareholder. Yet, implansible as AT&Ts investment in CIR mey seem, it is hardly any odder than the logic which led it to link up with Olivetti six years ago.

As both companies must now have realised, they were chasing a mirage. They were not alone: it also enthralled, perplexed - and ultimately disappointed - many other

electronics companies. The mirage was called "con-vergence". It grew ont of the perfectly correct observation that, thanks to the microchip, the basic technologies used in data processing and telecom-munications were fast becom-ing identical. Hence, the two ansinesses appeared set to merge into a single informa-tion industry, which would amalgamate both disciplines.

The consequence was a bont of frenzied industrial restruct-uring, as manufacturers such scanada's Northern Telecom, Sweden's L M Britsson and Britain's STC stampeded to bny computer and office autobny computer and office auto-mation firms, while ITT of the US flirted successively with computer groups Entronghs, Sperty and Wang. IRM, for its part, spent a small fortune on a grandiose satellite project and purchased Rolm, then the leading US maker of private telephone exchanges.

When almost every-When almost everything goes wrong

new era is dawning at Heineken as the famous Dutch brew-ery's chairman, Mr Freddy Heineken, passes the sceptre. But the 65-year-old executive is keeping the crown. Mr Heineken ~ grandson of Mr Heimeken – grandson of the founder, Gerard Adriaan Heineken – has used advertis-ing to shape an image of pre-mium quality beer around the mould Clouw masked and the world. Clever marketing and world. Clever marketing and careful packaging have yielded potent profit margins and dom-inant market shares. Mr Heineken's flair has been the driving force behind the company's steady climb to its

company's steady climb to he present status as a global hrand. It is the third largest brewer in the world, behind Anheuser Busch and Miller of the US, claiming 4.2 per cent of the world market

the world market. In April Mr Heineken, who controls the company through e complex holding structure and powerful board positions, and certain veto rights. Mr Heineken says he will pay special attention to overall gave up one of those positions - hoard chairman. After 18 pay special attained to overall corporate strategy, manage-ment appointments and finan-cial structure. Mr van Schaik, whose office is just down the street, will steer product develyears at the helm he passed it to Gerard van Schaik, a 30-year Heineken veteran and close associate.

Questions now arise over whether the company can conopment, geographical expan-sion and company finances on a daily basis. In a sense little will change. Mr Heineken bas tinue its record of steady growth, good margins, innova-tive product development and strategic geographical expanalways concentrated on broad policy while leaving details to others. sion without the intuitive Mr Heineken. "This is absolutely not e turning point," Mr Heine-ken protested. "It is a continu-ation of what my grandfather and fether have done." He is Heineken'e growth has slowed significantly after profoptimistic about growth poten-tial and eschews talk of satu-rated markets. "Why can't we PERSONAL FILE 1923 Born, Amsterdam

1942 Joined Heineken get to 8 per cent of the world market?" he asks. Yet he admits that he is 1949 Worked briefly at Neder-landsche Handel Maatschappij, now ABN bank unsure whether a manager's 1964 Appointed to Heineken feeling toward an enterprise is the same if he does not own it. Executive Board Cheirman of the Execu-He says he suffers a slight

tive Board twinge each time he sees a cus-tomer take another brand off Chairman and delegate member of the Supervithe shelf, "There is a visceral link to the product," he explains. "Yon have to be totally involved, a hit mad." Control of the company will sory Board 1989 Knight Commander of the Order of Orange-

Nassau

stay in family hands for the foreseeable future, with Mr Heineken planning to bequeath its and sales doubled between 1979 and 1985. Important mar-kets such as the Netherlands and US are showing signs of saturation and recent acquisi-tions are still consuming his controlling stake to his daughter. He will continue to exert influence in an least two mone

ways. One is his ownership of a slight majority in the holding company which in turn owns 50.005 per cent of Heineken. The other way is through pow-erful board positions in both companies. He remains chair-man of Heineken Holding's Fresh share capital, how-ever, could jeopardise Mr Hei-neken's control. For that reason the equity market has not been tapped since 1939 when man of Heineken Bolding's supervisory council and a "del-egated" member, meaning the company was initially floated. Mr Heineken is a bit sorry his father ever took the business public. "If Papa hadn't done it I wouldn't closer contact with management than ordinary members

and flair Laura Raun speaks to Freddy

Heineken, whose family controls the Dutch brewery

A mixture

have," he admits. "Stockhold-ers want to know the outlook but we do not have an order hook." Mr Heineken is the third

generation of a beer dynasty hnt he still sees himself as something of a self-made man. "I inherited only a small per-centage along with a lot of debts," he explains; the rest of his shares were bought on the stock exchange. Securities analysis accuse

becurities analysis accuse the company of arrogance towards shareholders because of sparse and superficial finan-clal reporting. "The cavalier attitude does affect the (share) price," claimed one analyst. "It would (otherwise) be higher." Mr Heineken retorts: "We know what we're doing. This is

the way the company is run, with a healthy balance sheet and steady profits. People can sell if they don't like lt. This is not gambling but a long-term investment."

Heineken - a clear, light lager - is the flagship, followed by Amstel and other hrands hrewed locally. Beer accounts for 80 per cent of rev-enue. The rest of sales come from spirits, which have been spun off into a joint venture with Pole a Dutch distiller with Bols, a Dutch distiller, and soft drinks and fruit juices. The company can trace its roots hack to 1592 when a brewery called the Haystack was founded. In 1864, beset by financial difficulties, it was bought by Mr Heineken's grandfather.

grandfather. He hrewed his lager with a revolutionary process devel-oped in Pilsen using a virile yeast from a student of Louis Pasteur (the same yeast strain is still used today). The lager was so tasty that within 11 weare it won an international years it won an international



'You have to be totally involved, a bit mad'

By the end of the 19th cen-tury Heineken was exported to France and the Dutch East Indies. The Dotch hrew was the first foreign beer allowed into the US in 1933 when Pro-hibition ended. Over the years the company bought out a half

dozen competitors. In guilders or dollars, Mr Heineken is a billionaire. His stake in Heineken Holding is worth around F11.6bn (£460m) and he earns a salary that is presumably commensurate with his posts. In the past he had a reputation as a born viscont, but in 1983 he was kid-napped along with his chauf-feur as they left his office in Amsterdam. They were held for three weeks before being released unbarmed for an released unharmed for an Fi 11m ransom, of which about Fi 9m was recovered. Thereafter Mr Heineken became some-

thing of a recluse but is now emerging from his shell. Mr Heineken joined the famly husiness at the age of 18. He later worked for the company In the US where he was impressed by Madison Avenue advertising. He also met his future wife, the daughter of a Kentucky bourbon distiller. He has relied on his intuition

rather than financial ratios to guide the husiness. He eschews talk of profit margins, debt-to-equity ratios and market shares and prefers to look et the overall picture. Known for his imaginative

use of advertising, he often took e direct hand in ad campaigns. Advertisements range from understatement ("When you make a great beer, you don't have to make a greet fuss") to oddball humour ("Heineken refreshes the parts other beers cannot reach"). Mr Hei-neken insists that most of the creative ideas belonged to oth-ers and that his success was in

ers and that his success was in picking out the good ones. Now the company's higgest challenge is serving up more growth. Analysts see little prospect of much acceleration before next year, noting high investment, cashflow pressures and host market share

and lost market share. ! Since 1986 earnings have edged up only 1 per cent a year while revenue has risen e modest 4.5 per cent a year. Earn-ings are expected to rise about 8 per cent this year.

in the stagnant Dutch mar-ket Heineken's share has steadily shrunk from a high of 58 per cent in 1980. But it

rebounded last month with the acquisition of a small brewery in the south of the country. In the US, where profit margins are biggest. Heineken's share of imports has shrivelled to 25 per cent from nearly twice that in the late 1970s. The stiffest competition is from Mexico's Compa beer

Corona beer. in the early 1980s Heineken began pouring money into southern Europe as taste-buds there turned from wine to beer. It spent millions of guilders on It spent minions of guidars on rationalising and modernising local breweries and hullding market position. Sogehra in France and El Aguila in Spain are now in the black in line with company expectations, according to Mr. Heineken according to Mr Heineken. Securities analysts helieve operating profits are small,

however. however. In general, analysts note that drinkers may be imbibing less hnt are sipping higher quality, more expensive brands. This "less but better" trend plays to Heineken's strengths. Recently it has introduced new low-calorie, low-alcohol and premium iow-alcohol and premium beers. Mr Heineken hrushes aside worries about saturated markets and tepid prospects

saying that: "People haven't changed much in 6,000 years." He believes there is still plenty of room for organic growth in traditionally winedrinking countries, emerging economies and among women drinkers. The company is looking constantly for attractive acquisitions in promising markets such as Indonesie, eastern Europe and Turkey, he added. Heineken has yet to enter Germany since the relax-etion of the *Rheinheitsgebot* (purity laws). With the thirstiest beer drinkers in the world, Germany is being "cautiously studied."

studied." But the company sees no reason to huy pubs in the UK amid the hrewing industry's ferment. "Our money can be more profitably spent than on real estate," explains Mr Heine-ken. The company is hig enough to survive alone, he insists and has no plans to insists, and has no plans to

merge, Unlike most Dutch companies Heineken has no anti-take over defences, Mr Heineken's control would appear to be suf-ficient. "If anyone wants to take over the Heineken firm they will have to get rid of me first," he says.

This advertisement is issued and has been approved by Gerrard Vivian Gray Limited, a member of The Securities Association and The International Stock Exchange.

prize in Paris.

In the event, the vast major-ity of such deals proved abject flops and have since been dis-solved amid much red ink. AT&T is today no nearer to being a hig league player in computers than is IBM in tele-communications. If STC's alliance with ICL has survived, it is probably only because little effort was made to integrate the two husinesses.

What went wrong? The short answer is almost every-thing. Hastily assembled huslness strategies were superimness strategies were superin-posed on clumsy attempts to ram together incompatible cor-porate styles. Some acquired firms turned ont to be duds. At others, experienced managers left in frustration, while the exciting new markets which were supposed to grow ont of convergence obstinately failed to materialise.

Bnt the cardinal error of But the cardinal error of "convergence" enthusiasts was naïvety. Dazzled by the quick-silver advance of microelec-trouics, they assumed that it was the great leveller which would carry all else before it. What they forgot was that technology does not exist in a warmmy but is itself shaped by. vacuum but is itself shaped hy, as well as shaping, the com-plexities of its economic and

industrial environment. Indeed, epart from technol-ogy, the computer and telecommunications industries have remarkably little in common, having developed historically along quite separate paths. One was weaned on open competition, the other on rigid regulation and monopoly practice. Each has its own spe-cialised engineering skills and marketing techniques, and obeys distinctive product cycles and customer demands. Above all, it was the prohlem of hridging these differences in business cniture which derailed the "convergence" locomotive.

These lessons have been painfully learned by the two industries. Bnt have others absorbed them? In the past year, West Germany's Daim-ler-Benz and British Aerospace have separately trumpeted convergent technologies as a reason for diversifying, respectively, into aviation and vehicle manufacturing.

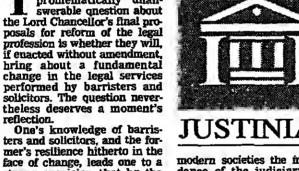
Their arguments remain to be proven, and it would be wise to regard any technological synergies as a bonus, not as a fundamental rationale for acquisition. Being blinded hy science may be exhilarating, but it rarely makes for a sound business proposition.

Guy de Jonquières

independence in law he nnanswered, and problematically unan-swerable question about the Lord Chancellor's final proposals for reform of the legal profession is whether they will, f enacted without amendment, hring about a fundamental change in the legal services performed hy barristers and solicitors. The question never-

Independence of the judi-

reflection.

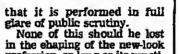


JUSTINIAN

modern societies the indepen-dence of the judiciary from strong suspicion that hy the turn of the century the legal profession will be a slimmed husiness or corporate interests also needs to he secured. Judges should be free not only down version of today's and probably better organised, but that it will not behave very differently. The inestimable virtnes of vigorous indepen-dence from the Bench and from both governmental and political pressure and political entanglements, but also be distanced from the enterprise cul-

Interference with the judi-ciary is always likely to have its impact on the other aspects of independence - that is the sense of independence of indi-vidual independence of indinncompromising edvocacy from the Bar (by then joined by a handful of aspiring solicitor-advocates in the highest court) will still be there for us to appland. Whether the qual-ity of legal services will be vidual judges. This is composed of two essential ele-ments: first, that in the making of judicial decisions judges are obedient to the law and to no other anthority hut the law; and second, that their tenure of office is adequately secured delivered more cheaply and more speedily is a different, but not unconnected question. The administration of justice will be much the same. of office is adequately secured. Security of tenure is unaffected by the Lord Chancellor's pro-The judiciary is crucial to a latter-day democracy which has developed over the centu-ries a legal system that seeks by the Lord Chancehor's pro-posals, unless it is thought that some insecurity is engendered by the opening up of the candi-dacy of solicitors to the High Court Bench. The former ele-ment is the product of factors that here to do with the mint to balance the interests of the state with those of the citizenry. There are far too many uncomfortable instances in the world for there to be any com-promise in the sustaining of an independent judiciary. The that have to do with the subtle traditions and ethos of the prossion.

Lord Chancellor has declared It is not so much the judicial himself unequivocally on thet It is not so much the judicial oath that makes a judge stand aloof from the political forces in society and enjoins him "to do right for all manner of peo-ple after the laws and usages of this realm, without fear or favour, affection or ill-will." issue. The concession he has made is to allow the judges to veto the licensing of advocates. The concession is elaborate and may be more cosmetic than practical, but the workings of the proposed Advisory Committee on Education and The adherence to this solemn Training, even if tilted towards hureaucratic control, is not the and rather grandiose duty comes the easier as a conse-quence of having imbibed its essential virtues from training, vital ingredient in the Lord Chancellor's proposals. The independence of the judiciary in a profession where tradition is nurtured during years of depends on something much practice of the law. This more subtle than the visible self-discipline, as well as that imposed by the professional bodies on their members, is infrastructure of the legal profession that supplies the per-sonnel for the Bench. inculcated by the constant association with fellow profes-sionals and under the beady ciary is normally thought of as freedom from interference eye of the judge in court. The from the two arms of governone valuable feature of forth-right and honest advocacy and its unique incorruptibility is ment, the executive and legis-lature, in the exercise of judi-cial functions. In complex



profession, so long as its practitioners remain eternally watchful. It should in fact be enhanced by the proposed esta-hitchment of a legal ombuds-man to watch over the efficacy of redress for complaints hy of redress for complaints by the consumers of legal ser-vices. If the judges wish to maintain their exalted status in the eyes of the public they might be willing to accept also an ombudsman for the judi-ciary. After all they now have absolute immunity from actions for defamation. Judges can, hut very rarely do, abuse the privilege of being able to say anything they like in

court. While it is sensible to focus on the constitutional aspects of the administration of justice, the Lord Chancellor's aims are intrinsically to imprave the quality of legal service. It is difficult in this regard to treat the controversy within the pro-fession other than as an out-cron of self-interest. A vast crop of self-interest. A vast amount of legal husiness is ahout the individual heing helped to order his or her affairs without any element of dispute with his fellow citizens or with public authority. He or she wants a legal service to be readily available in the High Street at minimal cost. A mass of other work involves the res-olution of disputes about where the risks should lie in the case of loss or damage to property. Courts in this respect need to be expert in declaring the law and applying it consistently. The independence of judges is not so vitally engaged where the state or public authority is the hystander and merely the provider of the institutions in which the citizenry can fight out its legal battles in a civilised manner.

The Lord Chancellor's proposals do not address the quality of service in the sense of responding to the social demand of justice for all. State aided legal advice and assistance may itself be assisted hy the improved professional structure. But the scheme of legal aid is overdue for a simi-larly radical appraisal. If the Lord Chancellor puts that appraisal in hand soon, the reconstituted legal profession will then have achieved the Lord Chancellor's objective of perfecting the services pro-vided for all consumers.

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